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VOLUME NO. 7

EXPLANATORY NOTES

FOR

DEPARTMENT OF AGRICULTURE

BUDGET ESTIMATES

FISCAL YEAR

1942

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A. A. A. PROGRAMS

CONSERVATION AND USE OF AGRICULTURAL LAND RESOURCES

This appropriation is provided for the purpose of carrying into effect sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, as amended, approved February 29, 1936 (16 U. S. C., 590g - 590q), and the Agricultural Adjustment Act of 1938, as amended, approved April 7, 1938 (52 Stat., 31-70).

Appropriation Act, 1941:	
Direct appropriation	$ 438,560,000
Transferred 1941, pursuant to reorganization plan No. IV to the Post Office Department	-3,260
Net direct appropriation	438,556,740
Reappropriation (estimated)	23,400,000
Net total appropriation, 1941	461,956,740
Transfers in 1942 estimates to:	
Bureau of Agricultural Economics	-600,000
Public Buildings Administration	- 35,520
Net total available, 1941	461,321,220
Budget estimate, 1942	498,921,220
Increase in total appropriation, 1942	+37,600,000
Direct appropriation requested in lieu of reappropriation for 1941	+23,400,000
Increase in direct appropriation, 1942	+61,000,000

PROJECT STATEMENT

	1940	1941 Estimate	1942 Estimate	Increase or Decrease
	$	$	$	$
Payments to farmers for conservation practices under Sec. 7-17, Act of Feb. 29, 1936 ...	515,746,698	444,600,648	481,028,628	+36,427,980
Removal and diversion of Agricultural Commodities and products thereof	4,000,000	---	---	---
Agricultural adjustment Administration, Administrative Expenses, (D.C. and field).....	11,002,890	12,015,435	12,165,435	+150,000
Allotments and transfers to Agencies cooperating in Agricultural Adjustment Act of 1938 programs	1,639,806	1,630,237	1,652,257	+22,020
Total obligations, Conservation Program	532,389,394	458,246,320	494,846,320	+36,600,000
Transferred for: Regional Laboratories	3,129,384	3,000,000	4,000,000	+1,000,000
Adjustments in Freight Rates .	45,026	74,900	74,900	---
Grand total obligations ..	535,563,804	461,321,220	498,921,220	+37,600,000
Estimated unobligated balance reappropriated in 1941	+23,400,000	-23,400,000	---	+23,400,000
Total	558,963,804	437,921,220	498,921,220	+61,000,000

INCREASES OR DECREASES

The increase of $61,000,000 in the direct appropriation for 1942 is the amount by which the 1941 appropriation was reduced at the time a supplemental 1940 appropriation of $60,000,000 was made, plus an increase of $1,000,000 in the item "new uses and markets for farm commodities, regional laboratories and surveys." The latter item is justified separately, under that head, in the 1942 explanatory notes, following the Bureau of Agricultural Chemistry and Engineering. The total A.A.A. working funds for 1941, hoever, will be augmented by a loan of not to exceed $50,000,000 from the Commodity Credit Corporation (see Section 8 of Public No. 716, 76th Congress, approved July 2, 1940) and the reappropriation of the

unobligated balance of the 1940 appropriation now estimated as $23,400,000. The estimate of $498,921,220 for 1942 therefore will permit a farm program for 1941 comparable with 1940 and 1939 and authorized by the Congress to be appropriated for this purpose as shown in the following table:

Appropriation authorization, Section 15, Soil Conservation and Domestic Allotment Act	$500,000,000
Less reductions made as a result of transfers in estimates to:-	
F. Y. 1940:	
"Printing and Binding, Department of Agriculture"	-440,000
F. Y. 1942:	
"Salaries and Expenses, Bureau of Agricultural Economics"	-600,000
"Salaries and Expenses, Public Buildings and Grounds in the District of Columbia, Public Buildings Administration"	-35,520
"United States Official Mail and Messenger Service, Post Office Department (General Fund)"	-3,260
Estimate, fiscal year, 1942	$498,921,220

CHANGES IN LANGUAGE

The Budget contemplates changes in the language of this item as follows:

(1) To eliminate the reference to direct appropriation and reappropriation since no funds are available for reappropriation.

(2) To provide authorization for the replacement of the automobile for official use of the Administrator of the Agricultural Adjustment Administration, purchased in 1935 (fiscal year 1936).

(3) To provide authorization to enter into agreements with State or local government agencies to furnish certain materials or services which could not be obtained through competitive bidding. It is anticipated that certain conservation materials, such as trees and seedlings, which cannot be obtained through competitive bidding will be purchased from State and local agencies which will be in a position to furnish the materials.

(4) To eliminate the special reference to the amounts for D. C. and field administrative expenses, which were inserted in the 1941 fiscal year language to provide in that year the usual amount needed for administrative expenses even though the appropriation was reduced by $60,000,000. With this elimination the provisions of Section 392(b) of the Agricultural Adjustment Act of 1938 will apply, as heretofore, to limit the amounts available for administrative expenses.

(5) To provide authority to expend funds provided by section 32, for administrative expenses in carrying out the provisions of the Agricultural Marketing Agreement Act of 1937, as amended. Insofar as possible, the development and supervision of surplus removal programs authorized by section 32 is assigned to personnel of the Surplus Marketing Administration charged with similar duties in connection with the development and supervision of marketing agreement and order programs authorized by the Agricultural Marketing Act of 1937, in order to coordinate these programs and to prevent duplication of work. Authority to use section 32 funds for such personnel is needed in order that funds may be available for the marketing agreements work upon expiration of the appropriation provided by Sec 12(a) of the Agricultural Adjustment Act of 1933 and in order to provide for the efficient and economical organization and operation of the Surplus Marketing Administration as a complete working unit.

(6) To provide $4,000,000 in lieu of $3,000,000 for the item "new uses and markets for farm commodities, regional laboratories and surveys".

(7) To omit the Marketing and Marketing Agreements Division and the Federal Surplus Commodities Corporation from the clause granting authority to interchange administrative expense limitations, and inserting Surplus Marketing Administration in their stead, since the former organizations were consolidated into the Surplus Marketing Administration by the President's Reorganization Plan No. III.

(8) To eliminate reference to payments to be made to persons farming as tenants or sharecroppers on cropland owned by the United States as it is not anticipated that such exceptions will be made in the future. This language was inserted in the 1941 appropriation by Congressional action for the benefit of those producers farming on land owned by the United States Government who participated in the 1938 and 1939 agricultural conservation programs with the belief that they were eligible to receive payments for their cooperation.

(9) To change the applicable years as required.

(10) To extend availability until June 30, 1943 of funds appropriated under the head "Parity Payments" for the fiscal year 1941.

WORK UNDER THIS APPROPRIATION

General: The work under this appropriation is concerned with carrying into effect programs formulated under sections 7 to 17 of the Soil Conservation and Domestic Allotment Act, as amended, and under the Agricultural Adjustment Act of 1938, as amended (except the making of payments pursuant to Sections 303 and 381 and the provisions of Titles IV and V).

Objective: The objectives of the Agricultural Conservation and related programs are:

(1) Preservation and improvement of soil fertility.

(2) Promotion of the economic use and conservation of land.

(3) Diminution of exploitation and wasteful and unscientific use of national soil resources.

(4) The protection of rivers and harbors against the results of soil erosion to aid in maintaining the navigability of waters and water courses and in flood control.

(5) Reestablishment, at as rapid a rate as the Secretary of Agriculture determines to be practicable and in the general public interest, of the ratio between the purchasing power of the net income per person on farms and that of the income per person not on farms that prevailed during the five-year period August 1909 - July 1914, inclusive, as determined from statistics available in the United States Department of Agriculture, and the maintenance of such ratio.

(6) Assist in the marketing of agricultural commodities for domestic consumption and for export.

(7) Regulate interstate and foreign commerce in cotton, wheat, corn, tobacco, and rice to the extent necessary to provide an orderly, adequate, and balanced flow of such commodities in interstate and foreign commerce through storage of reserve supplies, loans, and marketing quotas.

(8) Assist consumers to obtain an adequate and steady supply of such commodities.

The Problem and its Significance: It is recognized that the wastage of soil and moisture resources on farm, forest, and grazing lands is a major national problem. Soil losses due to erosion and the removal of plant nutrients through cropping, leaching, and other means seriously deplete our greatest national resource. Soil losses and the ensuing decreased productivity of the land have materially affected farm income in terms of the farmers' purchasing power, which, although considerably above the level to which it fell in 1932, has not yet been restored to the ratio which prevailed between farm and nonfarm income per person during the five-year period ended July 1914.

Plan of Work: The Soil Conservation and Domestic Allotment Act authorizes payments or grants of other aid to producers, including tenants and sharecroppers, measured by (1) their treatment or use of their land, or a part thereof, for soil restoration, soil conservation, or the prevention of erosion; (2) changes in the use of their land; (3) their equitable share, as determined by the Secretary, of the normal national production of any commodity or commodities required for domestic consumption and exports, adjusted to reflect the extent to which their utilization of cropland on the farm conforms to farming practices which the Secretary determines will best effectuate the purposes specified in section 7(a); or (4) any combination of the above.

Conservation payments are now assisting more than 6,100,000 farmers in carrying out the 1940 Agricultural Conservation Program on about 82 percent of the nation's cropland. Shifting land from soil-depleting to soil-conserving crops, and carrying out the soil-building practices of the program stores fertility in the land where it is available for conversion into food and fiber to meet any national emergency.

The funds provided by this appropriation are subject to allotment and transfer by the Secretary of Agriculture pursuant to section 11 of the Soil Conservation and Domestic Allotment Act, approved February 29, 1936. Under this authority, as shown in the budget schedules, allotments have been made to the Agricultural Adjustment Administration, which has been designated by the Secretary of Agriculture as the agency responsible for carrying into effect the provisions of Sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, and to a number of bureaus within the Department of Agriculture, and by transfer to other government agencies which have been called upon in various ways to facilitate the agricultural conservation program and other related activities carried on in furtherance of these same general aims under the provisions of the Agricultural Adjustment Act of 1938, as amended.

The Agricultural Adjustment Administration, with its Washington and field offices, is headed by an Administrator, who is responsible to the Secretary of Agriculture for all its activities.

For purposes of general administration, five regional divisions have been established corresponding with the five major agricultural areas of the continental United States and another division has been established to handle Insular and special programs. The regional headquarters are in Washington and each office with its necessary personnel forms a major division of the Administration.

The operation of the program in each State is accomplished through a State committee, composed of not less than three, nor more than five farmers who are legal residents of the State and who are appointed by the Secretary. The State director of the agricultural extension service is an ex officio member of the State committee. The State committees advise on general policy within the States, assist in the formulation of programs, and recommend the specifications for soil-building practices to be included in the program for each State. They also hear appeals of individual farmers from the decision of the county committee, approve county administrative expenses, and otherwise assist in the administration of the program in the State.

In each State office there is a State executive officer who, in some States, is the chairman of the State committee. The State executive officer administers the program within the State in keeping with the policy of the State committee and instructions issued by the regional director. With the aid of his office force he examines acreage allotments, yields and other data, and in most States has charge of personnel engaged in examining applications for payment and certifying them for payment. After applications have been certified for payment by the State offices they are forwarded to the General Accounting Office for preaudit and then sent to the Disbursing

offices of the Treasury Department where checks for producers are issued. The examining, preauditing and disbursing activities for the East Central, Northeast and Insular Divisions are performed in Washington.

The programs in each county are administered through county agricultural conservation associations. Local farmers cooperating in the program constitute the membership of these associations. These local committees distribute county acreage allotments among the farms in a county. In general, the county allotment is distributed on the basis of tillable acreage in the farm, crop rotation practices as reflected by past acreages, facilities available for the production of the crop, and the farms' requirements for the conservation of soil. Special consideration is given to small farms in the case of tobacco and cotton allotments. These factors are determined by local committees on the basis of information obtained directly from the farmers or from records of past performances under the program or, in case no records are available, by appraisal. County normal yields or indexes of productivity are determined by the Secretary and serve as a guide or limit to the county committee in establishing normal yields for individual farms.

Counties are divided into community units, the number depending upon the size of the county and the amount of participation in the programs. The community committees assist the county committee in carrying out educational work and establishing acreage allotments and normal yields for farms within their respective communities.

In planning the agricultural conservation program, the objectives of the Act and the type of program which could be developed under it are discussed at open meetings with farmers. Recommendations and suggestions of farmers and farm organization leaders who attend these meetings play an important part in determining the final content of the program.

1939 AGRICULTURAL CONSERVATION PROGRAM

Under the 1939 Agricultural Conservation Program, the national goal for soil-depleting crops was set at 270,000,000 to 285,000,000 acres. The goals for individual crops for which allotments were determined are as follows:

Cotton	27,000,000	to	29,000,000	acres
Corn	94,000,000	to	97,000,000	"
Wheat	55,000,000	to	60,000,000	"
Tobacco:				
Flue-cured	860,000	to	900,000	"
Burley	375,000	to	410,000	"
Fire-cured and dark air cured	160,000	to	170,000	"
Cigar filler and binder	85,000	to	90,000	"
Georgia - Florida Type 62	2,000	to	3,000	"
Potatoes	3,100,000	to	3,300,000	"
Peanuts	1,550,000	to	1,650,000	"
Rice	850,000	to	880,000	"

Commercial vegetables in designated counties: Equivalent of 1936-1937 average acreages.

A national restoration land goal of 6,000,000 acres was established in designated wind erosion areas in the States of Colorado, Kansas, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, and Wyoming.

The soil-building practices under the 1939 program were adapted to the needs of States and localities so as best to assist the farmers in carrying out the conservation measures most needed on their land. Varying by areas and localities, particular emphasis was placed on grasses and legumes, permanent pastures, green manure and cover crops, forest tree practices, lime and superphosphate application in connection with soil-conserving crops, erosion control and water conservation practices. There is set forth below a statement showing the soil-building practices carried out under the 1939 Agricultural Conservation Program:

Soil-Building Practices Carried Out

New Seedings:		
Alfalfa	4,581,380	acres
Winter legumes, crolataria, etc.	9,036,721	"
Permanent pasture mixtures	1,000,283	"
Timothy and redtop	4,660,861	"
Planting sod pieces:		
Perennial grasses	71,348	"
Kudzu	11,592	"
Other grasses and legumes	22,067,468	"
Renovating perennial grasses and legumes	1,052,912	"
Green manure and cover crops:		
Summer legumes	11,338,074	"
Sorghum and Sudan grass left on land	1,304,294	"
Natural vegetative cover or small grain stubble left on land	1,751,720	"
Other and unclassified	11,539,622	"
Mulching	221,045	Tons
Forest tree practices		
Planting forest trees	58,224	acres
Maintaining stands	147,763	"
Improving stands	69,988	"
Non-grazing woodlots	28,144	"
Rehabilitating hurricane-damaged woodland	48,201	"
Fertilizer and lime applications		
Limestone	5,791,959	Tons
16% superphosphate or equivalent	636,886	"
Muriate of potash	7,415	"
Gypsum	27,395	"
Reseeding pastures		
Natural (by deferred grazing)	3,470,383	acres
Artificial	19,241,019	Pounds

Erosion control and water conservation practices:		
Terracing	354,978	Linear feet
Dams and reservoirs	11,145,524	Cubic yards
Check dams and weirs	29,306	Cubic feet
Ditching	4,082,297	Linear feet
Contour ridging pasture land	20,731,000	Linear feet
Protecting muck lands by windbreaks	2,422	Acres
Strip cropping	4,579,336	"
Protected summer fallow	8,806,714	"
Contour listing or furrowing	3,843,667	"
Contour cultivation following small grains	2,465	"
Contour farming inter-tilled crops	6,048,070	"
Contour seedling small grain crops	989,226	"
Pit cultivation	1,689,270	"
Leveling hummocks created by wind erosion	57	"
Sanding cranberry bogs	4,243	"
Weed control	87,573	"

RANGE AND NAVAL STORES CONSERVATION PROGRAM

Section 15 of the Soil Conservation and Domestic Allotment Act provides that up to 5 percent of the funds appropriated may be allocated for payments with respect to range lands, noncrop pasture lands and naval stores.

Payments were made under the 1939 Range Conservation Program for the carrying out on range land such of the following range-building practices as were recommended for a State by the State committee and approved by the Regional Director, and as were approved by the county committee for the ranching unit: reseeding range land, erosion and runoff control, water development, forest tree practices, elimination of destructive plants, establishing fire guards, etc. Under the 1939 Range Conservation Program there were approximately 48,100 ranches comprising 213,378,795 acres of range land.

The Naval Stores Conservation Program is sponsored by the American Turpentine Farmers Association, Cooperative, which has a membership of more than 80.0% of the entire American production of gum naval stores by volume. The Naval Stores Conservation Program has for its objective the encouragement of better practices among turpentine farmers, through discontinuance of the working of small trees, by discouraging the working of high faces on turpentine trees, better fire protection, and the conservation of the timber resources of the naval stores belt through the adoption of approved methods which have been developed through research work carried on by the Southern Forest Experiment Station.

Payments to farmers in connection with programs under the Soil Conservation and Domestic Allotment Act totaled approximately $497,310,953 under the 1939 Agricultural Conservation Program. Approximately 82.0% of the cropland in the United States was included in farms cooperating in the 1939 Program. The corresponding percentage for the 1938 Program was 72.5%.

Marketing quotas were in effect under the 1939 Program for cotton. The supply of this commodity exceeded the level at which the Secretary was directed to proclaim a quota subject to the approval of cotton producers in a referendum. The quotas were approved by more than 900,000 of the producers representing 91.3% of those voting. The penalty for marketing cotton in excess of the quota was two cents a pound.

Marketing quotas promote orderly marketing and assure a fair share of the market to those farmers who make an effort to balance supplies with demand.

In accordance with the provisions of the Soil Conservation and Domestic Allotment Act, payments under the 1939 Agricultural Conservation Program were limited to $10,000 within any State for any individual, partnership or estate, and to $10,000 for the United States in the case of any corporation. This provision became applicable for the first time in 1939.

The Agricultural Adjustment Administration either carries out or participates in the administration of a number of special programs, such as the Federal Crop Insurance Program and the commodity loan program.

As a corollary to other activities of the Administration exhibits at fairs, which give a visual portrayal of the aims and accomplishments of the Conservation Program have been set up at important fairs within the United States.

There is a trend each year toward greater participation in the Agricultural Conservation Programs. Under the 1937 Agricultural Conservation Program there were 3,743,904 payees, under the 1938 Agricultural Conservation Program, 5,231,324 payees, and under the 1939 Agricultural Conservation Program approximately 5,756,240 payees.

1940 AND 1941 AGRICULTURAL CONSERVATION PROGRAMS

The 1940 and 1941 Agricultural Conservation Programs do not differ substantially from the 1939 Program. Greater emphasis is being placed on soil conservation and additional opportunities have been provided for operators of small farms to participate.

PASSENGER-CARRYING VEHICLE

The estimates provide for the purchase of one passenger-carrying vehicle for official use of the Administrator in the District of Columbia, to replace, during the fiscal year 1942, the 1935 model car purchased in the fiscal year 1936. It is estimated that the maintenance and repair on the automobile now used by the Administrator would be of such expense that the purchase of a new vehicle will result in economy to the Administration.

CONSERVATION AND USE OF AGRICULTURAL LAND RESOURCES, DEPARTMENT OF AGRICULTURE

NEW USES AND MARKETS FOR FARM COMMODITIES, REGIONAL LABORATORIES

(Allotment of funds, pursuant to Sec. 202(a) of the Agricultural Adjustment Act of 1938)

Explanatory material for this item will be found in the explanatory notes immediately following the Bureau of Agricultural Chemistry and Engineering.

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CONSERVATION AND USE OF AGRICULTURAL LAND RESOURCES, DEPARTMENT OF AGRICULTURE

ADJUSTMENTS IN FREIGHT RATES FOR FARM PRODUCTS

(Allotment of funds, pursuant to Sec. 201(a) - (d) of the Agricultural Adjustment Act of 1938)

Explanatory material for this item will be found in the explanatory notes for the Surplus Marketing Administration.

PARITY PAYMENTS

This appropriation provides for purposes of carrying into effect section 303 of the Agricultural Adjustment Act of 1938, as amended, approved April 7, 1938 (52 Stat. 31-70).

Appropriation Act, 1941.....	$212,000,000
Transferred in 1942 estimates to:	
Bureau of Agricultural Economics.....	-125,000
Public Buildings Administration.....	-8,840
Total available, 1941.....	211,866,160
Budget estimate, 1942.....	49,866,160*
Decrease.....	162,000,000*

*The Estimates for 1942 provide that upon approval of the President up to $211,866,160 may be obligated for parity payments.

PROJECT STATEMENT

	1940	1941 Estimate	1942 Estimate	Increase or Decrease
Parity Payments to farmers under section 303, Agricultural Adjustment Act of 1938.....	$ 36,751,132	$214,827,976	$219,751,447	+ $4,923,471
Transfer to complete 1939 Price Adjustment (parity) program payments.....	7,148,000	---	---	---
Agricultural Adjustment Administration, Administrative expenses, (D. C. and Field).....	1,140,206	2,768,898	2,768,898	---
Allotments and transfers to Agencies cooperating in Parity Program.....	263,009	651,677	661,077	+ 9,400
Grand total obligations....	45,302,347	218,248,551	223,181,422	+ 4,932,871
1940 unobligated balance available in 1941 (to complete 1940 parity payments).....	179,697,653	-179,697,653	---	+179,697,653
1941 unobligated balance available in 1942 (to complete 1941 parity payments).....	---	+173,315,262	-173,315,262	-346,630,524
Total estimate or appropriation.....	$225,000,000	$211,866,160	$ 49,866,160	-162,000,000

INCREASES OR DECREASES

As indicated above, the budget contemplates a decrease of $162,000,000 in funds to be appropriated for parity payments during the 1942 fiscal year. The proposed appropriation language, however, would grant authority to the Secretary of Agriculture, upon approval by the President, to make commitments and incur obligations of not to exceed $211,866,160 for 1942 parity payments, the same amount now available for 1941 parity payments.

If present prices and conditions continue through 1941, this sum will be only a small percentage of the disparity in income of the five basic com-

modities upon which parity payments may be made pursuant to section 303 of the Agricultural Adjustment Act of 1938. However, since these conditions cannot be foretold, due to the present international situation and other unpredictable factors affecting the world market and the supply of the commodities in question, authority is requested for the President to determine what part of the $211,866,160 may be apportioned under said section 303 and committed for parity payments in the 1942 crop year, depending, of course, upon conditions existing when the apportionment of funds is made. The determination of 1942 parity payment rates would be made in the spring of 1942 when the final prices and income for the 1941 crops (on which the 1942 parity payments will be based) have been ascertained. After the total amount to be expended in connection with payments to producers under the 1942 parity program has been determined by the President, it will be necessary to request an additional appropriation of not to exceed $162,000,000 to pay the estimated obligations in excess of the appropriation now being requested. Producers of the five basic commodities enumerated in section 303 will plant these commodities for the crop year 1942 during the fiscal year 1942, the earliest planting being that of winter wheat in the fall of 1941. The language to authorize commitment of additional funds, over and above the $49,866,160, is needed since unless these producers, early in the spring of 1942, will have been assured that parity payments will be made, participation in the 1942 agricultural conservation program might be seriously affected. Parity payments contingent upon compliance with acreage allotments in 1942 are an important factor in the determination by farmers to comply with the 1942 Agricultural Conservation Program.

The sum of $49,866,160, which is requested for expenditure during the 1942 fiscal year is the estimate of parity payments and administrative and county association expenses which may be certified for payment prior to June 30, 1942. The greater portion of the payments prior to June 30, 1942, will be payments on winter wheat, provided, of course, a parity payment is made on this commodity. In the past, however, a few parity payments on the other comodities have started prior to June 30, so the amount requested for payments is not limited to wheat.

EXPLANATION OF CHANGES IN LANGUAGE

Parity Payments, Department of Agriculture--

To enable the Secretary of Agriculture, in such sums (exclusive of the amount required for items of parity expense enumerated in the Agricultural Adjustment Act of 1938, as amended) as may be approved by the President, to make parity payments to producers of wheat, cotton, corn (in the commercial corn-producing area), rice, and tobacco pursuant to the provisions of section 303 of the Agricultural Adjustment Act of 1938, [$212,000,000] $49,866,160, to remain available until June 30, 1944, and the said Secretary is authorized, subject to such approval by the President, to make additional obligations, not to exceed $162,000,000 with respect to parity payments in connection with the 1942 crops of the commodities herein named: Provided, That such payments with respect to any such commodity shall be made with respect to a farm only in the event that the acreage planted to the commodity for harvest on the farm in [1941] 1942 is not in excess of the farm acreage allotment established for the commodity under the agricultural conservation program (7 U. S. C. 1303; 54 Stat. 563).

The changes in language indicated above are explained in detail under "Increases or Decreases."

WORK UNDER THIS APPROPRIATION

General: To carry out the provisions of section 303 of the Agricultural Adjustment Act of 1938, as amended.

Objective: The objective of the Parity Program is to assist farmers, to the extent possible with the funds available, to obtain parity prices for wheat, cotton, corn, rice, and tobacco.

The Problem and its Significance: It is recognized that there is a disparity between farm prices and prices of nonagricultural products. The limited purchasing power of our farm population, brought about by the low exchange value of farm products, has not only lowered the standard of living on the nation's farms, but has increased industrial unemployment since the farm population is also a substantial consumer of the nation's manufactured goods.

Plan of Work: The act provides that parity payments may be made to producers of cotton, corn, wheat, rice, and tobacco with the further provision that funds available for such payments shall, unless otherwise provided by law, be apportioned to these commodities in proportion to the amount by which each fails to reach the parity income. Parity income for each commodity is considered to be a normal year's domestic consumption and exports of such commodity times the parity price (in the case of corn, that part of a normal year's domestic consumption and exports determined on the basis of the proportion that corn production in the commercial corn-producing area was of the United States production during the five years 1928-1932 inclusive).

The program provides for (1) establishing farm acreage allotments for the crops to which the program is applicable; (2) the establishment of a normal yield per acre for each such crop for each farm; (3) the determination of performance; and (4) division of payments.

The local administration of the program is accomplished under the direction of the same State, county, and community committees which administer the agricultural conservation program, and the farm acreage allotments and normal yields established under the conservation program are also used as a basis for determining performance under the parity program.

Under the Parity Program, payments are made only to those producers who plant within their acreage allotments. In the event a producer overplants or offsets performance by overplanting on another farm or by overplanting another crop to which the program applies, he is not eligible to receive a payment.

The payment for a farm with respect to any commodity is divided among the landlords, tenants, and sharecroppers on the basis of the share of each producer in the crop with respect to which the payments are calculated.

Rates of payment for the 1940 Parity Program were determined within the limits of available funds in accordance with applicable legislation as soon as the season average prices became available. These rates are as follows:

Commodity	Unit	Rate of Payment
Cotton	lb.	1.55 cents
Corn	Bu.	5.0 "
Wheat	Bu.	10.0 "
Rice	Cwt.	9.3 "

AGRICULTURAL ADJUSTMENT ADMINISTRATION

(a) CONSERVATION AND USE OF AGRICULTURAL LAND RESOURCES, DEPARTMENT OF AGRICULTURE

The Budget schedule covers allotments to the Agricultural Adjustment Administration from the appropriation under this heading. The appropriation is discussed in its entirety in the notes under the caption "Conservation and Use of Agricultural Land Resources, Department of Agriculture."

(b) PARITY PAYMENTS, DEPARTMENT OF AGRICULTURE

The Budget schedule covers allotments to the Agricultural Adjustment Administration from the appropriation under this heading. The appropriation is discussed in its entirety in the notes under the caption "Parity Payments, Department of Agriculture."

(c) ADMINISTRATION OF PRICE ADJUSTMENT ACT OF 1938, DEPARTMENT OF AGRICULTURE

The Budget schedule covers allotments to the Agricultural Adjustment Administration from the appropriation under this heading. The entire allotment was obligated during the fiscal year 1940.

(d) EXPORTATION AND DOMESTIC CONSUMPTION OF AGRICULTURAL COMMODITIES, DEPARTMENT OF AGRICULTURE (COTTON PRICE ADJUSTMENT)

The Budget schedule covers allotments to the Agricultural Adjustment Administration and other agencies in connection with the price adjustment payments to cotton producers.

The Third Deficiency Appropriation Act of 1937, made available not to exceed $65,000,000 of the funds available under section 32 of the Act of August 24, 1935, in each of the fiscal years 1938 and 1939, to be available until expended, for a price adjustment payment with respect to the 1937 cotton crop, to cotton producers who complied with the provisions of the 1938 agricultural conservation program.

Payments were made to producers at a rate per pound equal to the difference between 12 cents per pound and the average price of 7/8th middling cotton on the ten designated spot cotton markets on the dates of sale of such cotton, but in no case exceeded 3 cents per pound.

(e) RETIREMENT OF COTTON POOL PARTICIPATION TRUST CERTIFICATES

The Budget schedule covers allotments from the appropriation under this heading, which was made available for carrying into effect the provisions of Title IV of the Agricultural Adjustment Act of 1938, relating to the retirement of cotton pool participation trust certificates. The funds

under this appropriation were not available for expenditure subsequent to December 31, 1939.

(f) PAYMENTS FOR AGRICULTURAL ADJUSTMENT, DEPARTMENT OF AGRICULTURE

The Budget schedule covers obligations from the balance of the $296,185,000 appropriated by the Supplemental Appropriation Act of 1936. These funds are available until expended to meet all obligations and commitments including salaries and administrative expenses theretofore incurred or to be incurred and rental and benefit payments in connection with adjustment contracts entered into prior to January 6, 1936, in which partial performance had been effected by the farmers and where applications for contracts were made prior to January 6, 1936, by farmers who had in good faith made adjustments in acreage and otherwise substantially complied with the requirements in connection with the crop program, regardless of whether contracts had been signed. This appropriation was necessary to complete the liquidation of moral obligations incurred under the production adjustment programs which were initiated under the authority contained in section 12(b) of the Agricultural Adjustment Act, approved May 12, 1933, and which were invalidated by the Supreme Court decision (U. S. vs. Butler).

The obligations and commitments under funds allocated directly to the Agricultural Adjustment Administration include rental and benefit payments with respect to cotton, wheat, corn, hogs, tobacco, sugar, peanuts, rice and rye; the completion of programs for the removal of surplus wheat, hogs, and peanuts, and administrative expenses, including salaries, incurred in connection with the production adjustment programs.

Obligations for 1940 and estimates for 1941 and 1942, principally for auditing expenses, are set forth in the following project statement:

	1940	1941	1942
Administrative expenses, Agricultural Adjustment Administration	$86,926	$55,560	$31,270
1936 appropriation available in 1940.....	-557,360		
1940 balance available in 1941...	470,434	-470,434	
1941 balance available in 1942...		414,874	-414,874
Unobligated balance.....			383,604

(g) SALARIES AND EXPENSES, AGRICULTURAL ADJUSTMENT ADMINISTRATION

The Budget schedule covers allotments to the Agricultural Adjustment Administration from funds appropriated by section 12(a), title I, of the Agricultural Adjustment Act approved May 12, 1933. The funds are used primarily to cover expenses incurred in developing, representing, and protecting

the interests of consumers during the formulation and administration of farm programs, in accordance with the declaration of policy contained in section 2, title I, of the Agricultural Adjustment Act of 1933, as amended.

The second part of the schedule lists the allotments to other agencies of the Department, detailed schedules of which appear under the respective agencies in the budget. The following tabulation indicates the obligations for this appropriation for 1940, and estimated obligations for 1941 and 1942.

	1940	1941	1942
Administrative expenses:			
Agricultural Adjustment Administration.	$ 155,525	$ 138,810	$138,810
Allotments for:			
Office of the Secretary.....	41,734	63,750	63,750
Office of the Solicitor.....	136,118	135,620	135,620
Extension Service.....	17,950	10,000	10,000
Bureau of Animal Industry.....	29,795	30,000	30,000
Bureau of Agricultural Economics.....	429,675	438,130	438,130
Agricultural Marketing Service.....	119,882	135,000	130,000
Office of Foreign Agricultural Relations	24,995	31,800	31,800
Library.....	1,498	1,500	1,500
Bureau of Home Economics.....	5,000	5,000	5,000
Surplus Marketing Administration (Marketing Agreements).....	864,754	994,452	994,452
International Production Control Committees.....	10,500	13,500	13,500
Total.....	1,837,426	1,997,562	1,992,562
Received by transfer from "Salaries and expenses, Agricultural Adjustment Administration" (transfer to Treasury Department).....	1,035,000		
1940 unobligated balance available for 1941.....	3,219,103		
1941 estimated unobligated balance available for 1942.....		2,256,541	
Estimated unobligated balance.....			263,979
Total available.....	6,091,529	4,254,103	2,256,541
Amount available from appropriation in Act of May 12, 1933.....	-6,091,529	-4,254,103	-2,256,541

(h) ADMINISTRATION OF SUGAR ACT OF 1937, DEPARTMENT OF AGRICULTURE

The Budget schedule covers allotments to the Agricultural Adjustment Administration from the appropriation under this heading. The appropriation is discussed in its entirety in the notes under the caption "Administration of Sugar Act of 1937, Department of Agriculture."

(i) ADMINISTRATION OF FEDERAL CROP INSURANCE ACT, DEPARTMENT OF AGRICULTURE

The Budget schedule covers allotments to the Agricultural Adjustment Administration under this heading. The appropriation is discussed in its entirety under the caption "Administration of Federal Crop Insurance Act, Department of Agriculture."

(j) COMMODITY CREDIT CORPORATION, CORN MOISTURE CONTENT TESTS

The Budget schedule covers moneys advanced by the Commodity Credit Corporation for administrative expenses in Washington and in the field in connection with moisture tests on corn offered as collateral under the Corn Loan Program, pursuant to section 302 of the Agricultural Adjustment Act of 1938, as amended.

(k) COMMODITY CREDIT CORPORATION, WHEAT GRADE DETERMINATIONS

The Budget schedule covers moneys advanced by the Commodity Credit Corporation for administrative expenses in Washington and in the field in connection with the tests of the moisture content and grade of wheat offered as collateral under the Wheat Loan Program, pursuant to Section 302 of the Agricultural Adjustment of 1938, as amended.

(l) COMMODITY CREDIT CORPORATION, RYE MOISTURE AND GRADE DETERMINATIONS

The Budget schedule covers moneys advanced by the Commodity Credit Corporation for administrative expenses in Washington and in the field in connection with tests of the moisture content and grade of rye offered as collateral under the Rye Loan Program, pursuant to section 302 of the Agricultural Adjustment Act of 1938, as amended.

(m) COMMODITY CREDIT CORPORATION, BARLEY MOISTURE AND GRADE DETERMINATIONS

The Budget schedule covers moneys advanced by the Commodity Credit Corporation for administrative expenses in Washington and in the field in connection with tests of the moisture and grade of barley offered as collateral under the Barley Loan Program, pursuant to section 302 of the Agricultural Adjustment Act of 1938, as amended.

(n) SPECIAL DEPOSITS -- COTTON

The schedules in the Budget under this heading reflect the financial transactions in connection with the acquisition and disposition of spot cotton and cotton futures contracts by the Secretary of Agriculture, as provided by part 1, title I, of the Agricultural Adjustment Act of 1933, as amended.

Supplemental Funds

	Obligated 1940	Estimated 1941	Estimate 1942
Emergency Relief Appropriation Act of 1938:			
Administrative expenses.....	$ 3,980	$ 1,215	- -
Analysis of data and collation of existing material pertaining to consumer goods and standards....	95,875	33,500	
Total, supplemental funds.....	99,855	34,715	

COMMODITY CREDIT CORPORATION

ADMINISTRATIVE EXPENSES

Appropriation Act, 1941	$2,000,000 (a)
Transferred, 1941, pursuant to Reorganization Plan No. IV to Post Office Department	-1,320
Total available, 1941	1,998,680
Budget estimate, 1942	1,500,000 (a)
Decrease	498,680

(a) These amounts for administrative expenses of the Commodity Credit Corporation are made available from its capital funds.

DECREASE

The decrease of $500,000 in this item for 1942, is predicated upon the assumption of a sharp decline in the number of new loans to be made by the Commodity Credit Corporation during the fiscal year 1942, since it is estimated that at the close of the present fiscal year the uncommitted funds available to the Corporation will be less than $30,000,000 unless expanding markets and price rises, which are not predictable, greatly increase liquidations, or increased borrowing is authorized.

CHANGES IN LANGUAGE

The Budget Estimates contemplate, (1) the elimination of certain descriptive language relating to the establishment of the Commodity Credit Corporation, (2) the elimination of phraseology pertaining to the duration of funds made available herein since the period cited coincides with the provisions of the enacting clause, and (3) the insertion of new language authorizing the use of the appropriation by the Corporation to carry out its activities "as authorized by law". The purpose of these changes is to place this item on a more stable basis, thereby making it unnecessary to amend the language of this item to reflect amendments which may be made from time to time to the substantive laws affecting the activities of the Commodity Credit Corporation.

WORK UNDER THIS APPROPRIATION

The Commodity Credit Corporation is an institution engaged in financing the carrying and orderly marketing of agricultural commodities principally by making loans to producers on agricultural commodities.

All such loans have been made upon the recommendation of the Secretary of Agriculture and each loan program has been approved by the President. The Agricultural Adjustment Act of 1938 directs, under certain conditions, that loans be made on three commodities, namely, cotton, corn, and wheat. On cotton and wheat the minimum rate of the loan is 52% of parity and the maximum rate of loan is 75% of parity, but within these limits the rate of loan is discretionary. In the case of corn, the rate of loan is fixed by a statutory formula with a maximum of 75% of parity. This Act also prohibits loans on any of these three commodities with respect to which a vote has been taken on marketing quotas and has failed to be approved by a required two-thirds majority.

The Commodity Credit Corporation was created as an agency of the United States October 17, 1933, pursuant to Executive Order No. 6340, dated October 16, 1933. Its functions as a lending agency have been extended from time to time and, pursuant to the Act of March 4, 1939 (53 Stat.510-511), these functions were extended to June 30, 1941, or such earlier date as may be determined by the President of the United States. The Corporation was made a part of the Department of Agriculture July 1, 1939, pursuant to Reorganization Plan No. 1 and the Reorganization Act of 1939.

The Corporation has an authorized paid-in capital of $100,000,000. In addition, it was authorized, with the approval of the Secretary of the Treasury, under the Act of March 8, 1938, (15 U.S.C. 713a-4), as amended, to issue and have outstanding at any one time, notes, bonds, debentures, and other obligations not to exceed $1,400,000,000, which are fully and unconditionally guaranteed as to principal and interest by the United States.

The programs of the Commodity Credit Corporation serve three fundamental functions, viz., to protect and increase farm prices, to stabilize farm prices, and to assure adequate supplies of farm products.

Protecting and Increasing Farm Prices:

With respect to the function of protecting and increasing the prices of farm products, illustrations could be given in which Commodity Credit Corporation loan programs have possibly meant the difference between 5¢ and 9¢ cotton, 25¢ and 57¢ corn, 10¢ and 20¢ tobacco, 35¢ and 65¢ wheat, 15¢ and 25¢ butter, and similar differences for several other crops. The function of Commodity Credit Corporation loans in protecting farm prices becomes greatest, of course, under emergency conditions. For instance, the abnormal 1937 cotton crop of approximately 19,000,000 bales, which came about in part as an aftermath of the invalidation of the former Agricultural Adjustment Administration processing-tax program, would have meant untold suffering, not only to the

South but also to the entire Nation, if it had not been possible for the Commodity Credit Corporation to place a floor under what otherwise would have been a most drastic decline in cotton prices.

Stabilizing Farm Prices:

Within the past few decades our system of economy has come to rest so largely on a contractual basis, and the part of farming and living expenses represented by fixed costs has increased to such a large proportion of the total expenses, that it has become almost as important to stabilize the flow of farm income as to increase the long-term average of the total amount. Today farmers have to meet so many contractual obligations and other fixed expenditures that serious privations are likely to be suffered if the prices of farm products should be permitted to fall to drastically low levels for only one marketing season. Nor is it true that the utlimate consumers of farm products would like to obtain their supplies at prices that mean ruin to the producers. They want farmers to receive fair prices. On the other hand, many consumers, finding themselves with no appreciable margin of income above their regular and fixed expenses, have a readily understandable opposition to the excessive peaks of violently fluctuating prices. Moreover, many farmers, including the producers of cattle, hogs, sheep, poultry, and dairy products, are large and immediate consumers of feed crops, and as such, have a basic interest in stabilized prices for their supplies. Hog feeders, for instance, have learned by bitter experience not only that excessively priced corn means immediate losses for them but also that excessively cheap corn ultimately means disastrously low prices for pork.

The Ever-Normal Granary:

The function of assuring an adequate reserve supply of farm products at all times is obviously of great importance under ordinary circumstances on account of the danger of a crop failure through drought, storm, disease, or insect infestation. Under war conditions the function of providing an adequate reserve stock of farm products becomes doubly important in order to meet the possible emergency needs for purposes of national defense. The Ever-Normal Granary program is the term that has been applied to the arrangements under which Commodity Credit Corporation loans are utilized to provide an adequate market at reasonable prices in years of abnormal production and an adequate supply at reasonable prices in years of subnormal production. In the financial sense, the Commodity Credit Corporation is the Ever-Normal Granary.

Manner in which Loans are Made:

Loans to associations of producers are made directly by Commodity Credit Corporation. Practically all of the loans to individual producers, however, - which represent the vast majority of

the total loans - are made indirectly through private banks and lending agencies. In nearly all instances the private lending agency is the producer's local bank, which extends a loan on conditions specified by the Commodity Credit Corporation and on loan forms provided by the Corporation. The local bank receives a guarantee from the Corporation to purchase the note upon demand at its face value plus accrued interest at the rate of 2% for all commodities except grain. In the case of grain, the guaranteed minimum rate to be earned by the local lending agency is somewhat less, namely, 1-1/2%, in view of the fact that an especially large amount of work in connection with the making of grain loans is performed by County Agricultural Conservation Committees rather than by the local lending agencies. The difference between the rate of 3% charged all producers on all Commodity Credit Corporation loans and the lesser rate of interest obtained by the local lending agency represents the margin to compensate Commodity Credit Corporation for its operating expense and risk of loss. In a few instances the Corporation has purchased commodities in order to obtain the same market stabilization effect as would have been obtained through a loan program had not loan procedures been impractical of administration.

Commodities on which Loans Have Been Made:

Loans have been made on cotton, corn, rye, barley, wheat, tobacco, turpentine and rosin, wool and mohair, figs, dates, hops, pecans, raisins, prunes, peanuts, and butter.

All loans made pursuant to the Agricultural Adjustment Act of 1938 are required to be made on a basis providing that the borrower shall not be personally liable for any deficiency arising from the sale of the collateral except in the case of fraud.

During the past two years the Corporation has entered into price supporting purchase programs for tobacco and austrian peas and hairy vetch.

Capital Charges and Losses:

The Act of March 8, 1938 (52 Stat. 107), as amended, provides for readjusting the net worth of the Commodity Credit Corporation to the amount of its $100,000,000 capital once each year. The Act requires that the Corporation's assets and liabilities be appraised by the Secretary of the Treasury as of each March 31st on the basis of market prices prevailing on that date, and provides (a) that any deficiency of its net worth under $100,000,000 be restored by Congressional appropriation, and (b) that any excess in its net worth over $100,000,000 shall be paid into the general fund of the United States Treasury. The appraisals made by the Secretary of the Treasury, as of March 31, 1938 and March 31, 1939, disclosed capital impairments of $94,285,404.73 and $119,599,918.05, respectively, and these amounts were appropriated by the Congress and paid to

the Corporation. The appraisal as of March 31, 1940 showed that the net worth of the Corporation exceeded $100,000,000 by $43,756,731.01, which sum was paid by the Corporation into the general fund of the Treasury on June 29, 1940.

It may be noted that the amounts appropriated to the Corporation to restore capital impairments or that surpluses paid into the Treasury in connection with adjustments of the Corporation's capital under the terms of the Act of March 8, 1938, have no real relation to the actual losses which have been or may be incurred. At most, they amount to an estimate as to what the Corporation's loss or profit would have been had all of the commodities owned by or pledged to the Corporation been liquidated as of each March 31st. No actual loss is taken by the Corporation or shown as such on its books until the commodity has been sold for an amount less than the Corporation's investment in same. As of June 30, 1940, the actual losses of the Corporation with respect to commodities sold were less than $25,000,000.

Loans and Commodities Owned:

The following tables show by commodities the principal amount of loans outstanding as of November 30, 1939 and November 30, 1940; also commodities, title to which had been acquired by the Corporation through its loan operations, which were held by the Corporation as of June 29, 1940.

STATEMENT OF LOANS AND COMMODITIES OWNED

November 30, 1940

	Advance On Commodity Loans	Repayments, Acquisitions & Adjustments on Commodity Loans	Total Commodity Loans Outstanding	Total Quantities of Commodities held as Collateral
Barley Loans				
1940 Barley, Form A	$ 82,564	$ 213	$ 1,885,827	5,889,076 Bu.
1940 Barley, Form B	216	--	59,072	204,075 Bu.
Sub-total	82,780	213	1,944,899	6,093,151 Bu.
Butter Loans				
1938 Butter	31,646,113	31,646,113	--	--
1939 Butter	3,288,327	3,288,327	--	--
1940 Butter	19,126	--	19,126	65,788 Lbs.
Sub-total	34,953,566	34,934,440	19,126	65,788 Lbs.
Corn Loans				
1933 Corn	121,276,174	121,276,174	--	
1934 Corn	4,323,793	4,323,793	--	
1935 Corn	8,772,862	8,772,862	--	
1936 Corn	46,032	46,032	--	
1937 Corn	21,865,887	21,865,887	--	
1938 Corn	16,599,357	16,592,740	6,617	11,306 Bu.
1938-39 Corn	140,369,131	97,547,100	42,822,030	67,199,747 Bu.
1939 Corn	169,610,373	7,532,874	162,440,082	268,563,100 Bu.
Sub-total.	482,863,609	277,957,462	205,268,729	335,774,153 Bu.
Cotton Loans				
1933 Cotton	103,684,118	103,684,118	--	
1934 Cotton	309,740,512	309,740,512	--	
1935 Cotton	3,655,822	3,655,822	--	
1937 Cotton	263,669,981	263,669,981	--	
1938 Cotton	92,260,097	50,451,402	98,199,309	2,010,338 Bales
1939 Cotton	1,207,713	244,310	963,403	20,635 Bales
1940 Cotton	1,018,793	1,121	105,037,526	2,182,589 Bales
Sub-total	775,237,036	731,447,266	204,200,238	4,213,562 Bales
Cotton Pool Loans				
1933 Cotton	38,991,042	38,991,042	--	
1934 Cotton	12,424,800	12,424,800	--	
Sub-total	51,415,842	51,415,842	--	
Date Loans	61,302	61,302	--	
Fig Loans				
1937 Figs	83,915	83,915	--	
1938 Figs	124,998	124,998	--	
1939 Figs	51,148	51,148	--	
Sub-total	260,061	260,061	--	

STATEMENT OF LOANS AND COMMODITIES OWNED - Continued

	Advance On Commodity Loans	Repayments, Acquisitions and Adjustments on Commodity loans	Total Commodity Loans Outstanding	Total Quantities of Commodities held as Collateral
Hops Loans	$ 1,520,931	$ 549,789	971,142	3,970,157 Lbs.
Peanut Loans				
1937	5,360,108	5,360,108	- -	
1938	7,113,752	7,113,752	- -	
1939	822,301	822,301	- -	
1940	141,228	- -	141,228	2,231 Tons
Sub-total	13,437,389	13,296,161	141,228	2,231 Tons
Pecan Loans	485,942	281,213	204,728	956,053 Lbs.
Prune Loans				
1937 Prunes	2,357,069	2,357,069	- -	
1938 Prunes	397,224	397,224	- -	
1940 Prunes	380,456	- -	380,456	5,773 Tons
Sub-total	3,134,749	2,754,293	380,456	5,773 Tons
Raisin Loans				
1937 Raisins	1,327,720	1,327,720	- -	
1938 Raisins	3,007,217	2,641,333	365,884	42,096 Tons
1940 Raisins	1,460,764	- -	1,460,764	31,107 Tons
Sub-total	5,795,701	3,969,053	1,826,648	73,203 Tons
Rye Loans				
1939 Rye	601,546	391,110	210,437	470,765 Bu.
1940 Rye	57,087	- -	1,221,280	3,254,498 Bu.
Sub-total	658,633	391,110	1,431,717	3,725,263 Bu.
Tobacco Loans				
1931-35 Tobacco	8,724,096	8,724,096	- -	
1937 Tobacco	935,625	935,625	- -	
1939 Tobacco	35,203	35,203	- -	
1939 Dark Fired Tobacco	471,424	- -	471,424	4,832,835 Lbs.
1940 Flue Cured Tobacco	4,602,014	15	4,601,999	26,290,195 Lbs.
Sub-total	14,768,362	9,694,939	5,073,423	31,123,030 Lbs.
Turpentine & Rosin Loans				
1934-35 Turp.& Rosin	7,280,887	7,280,887	- -	
1938 Turp. & Rosin ..	12,421,504	5,936,081	6,485,423	402,954 Bbls.
1939 Turp. & Rosin ..	9,137,225	2,825,284	6,311,941	460,964 Bbls.
				1,822,048 Gals.
1940 Turp. & Rosin ..	5,710,963	11,989	5,699,092	490,820 Bbls.
				2,939,069 Gals.
Sub-total	34,550,579	16,054,241	18,496,456	1,354,738 Bbls.
				4,761,117 Gals.

STATEMENT OF LOANS AND COMMODITIES OWNED - Continued

	Advance On Commodity Loans	Repayments, Acquisitions & Adjustments on Commodity loans	Total Commodity Loans Outstanding	Total Quantities of Commodities held as Collateral
Wheat Loans				
1938 Form A Wheat..	$ 12,977,864	$ 12,977,864	--	
1938 Form B Wheat..	34,097,370	34,097,370	--	
1939 Form A Wheat..	9,875,239	2,735,981	7,139,257	10,062,576 Bu.
1939 Form B Wheat..	17,765,244	17,765,244	--	---
1940 Form A Wheat..	996,288	9,018	28,253,005	43,621,232 Bu.
1940 Form B Wheat..	5,007,403	17,797	160,453,402	217,529,635 Bu.
Sub-total	80,719,408	67,603,274	195,845,664	271,193,443 Bu.
Wool and Mohair Loans				
1938 Wool & Mohair	3,311,702	3,311,702	--	
1939 Wool & Mohair	44,211	44,211	--	
Sub-total	3,355,913	3,355,913	--	
Total Commodity Loans	1,503,301,803	1,214,026,572	635,804,454	

COMMODITIES OWNED BY COMMODITY CREDIT CORPORATION

Commodity	Quantity	Commodity	Quantity
Corn	154,325,327 Bu.	Rye	8,075 Bu.
Cotton	6,199,915 Bales	Tobacco	307,506,195 Lbs.
Peas & Vetch	44,902,200 Lbs.	Wheat	1,091,231 Bu.
Rubber	90,093 Tons		

STATEMENT OF LOANS AND COMMODITIES OWNED

NOVEMBER 30, 1939

	Advance On Commodity Loans	Repayments, Acquisitions & Adjustments on Commodity Loans	Total Commodity Loans Outstanding	Total Quantities of Commodities Held As Collateral
Cotton Loans				
1933-34 Cotton.....	$103,684,118	$103,684,118	$ ---	---
1934-35 Cotton.....	309,740,512	309,732,111	8,402	---
1935-36 Cotton.....	3,655,822	3,640,309	15,513	---
1937-38 Cotton.....	263,669,981	263,625,110	44,870	---
1938-39 Cotton.....	55,166,079	12,459,449	183,291,356	3,941,881 B/C
	735,916,512	693,141,097	183,360,141	3,941,881 "
Cotton Pool Loans				
1933-34 Cotton Pool	38,991,042	38,991,042		
1934-35 " "	12,424,800	12,424,800		
	51,415,842	51,415,842		
Corn Loans				
1933-34 Corn.....	121,276,174	121,276,174	---	---
1934-35 Corn.....	4,323,793	4,323,793	---	---
1935-36 Corn.....	8,772,862	8,772,862	---	---
1936-37 Corn.....	46,032	46,032	---	---
1937-38 Corn.....	21,865,887	21,850,989	14,898	---
1938 Corn.....	16,592,934	6,899,780	9,693,153	16,817,140 Bu.
1938-39 Corn.....	136,856,642	3,274,292	133,582,351	222,763,456 "
	309,734,324	166,443,922	143,290,402	239,580,596 "
Tobacco Loans				
1931-35 Tobacco....	8,680,826	5,580,036	3,100,790	16,981,955 Lbs.
1937 Tobacco.....	935,626	919,559	16,066	907,976 "
1939 Tobacco.....	30,531,257	1,416	30,529,842	143,167,647 "
	40,147,709	6,501,011	33,646,698	161,057,578 "
Turpentine & Rosin Loans				
1934-35 Turp &Rosin	7,280,887	7,280,887	---	---
1938 Turp & Rosin..	12,249,626	3,802,222	8,447,404	1,173,085 Gal.
				651,083 Bbls
1939 Turp & Rosin..	7,793,283	---	7,793,283	5,772,451 Gal.
				576,426 Bbls
	27,323,796	11,083,109	16,240,687	
Fig Loans				
1937-38 Figs.....	83,915	83,915	---	---
1938-39 Figs.....	124,998	124,998	---	---
1939-40 Figs.....	47,877	---	47,877	2,806 Tons
	256,790	208,913	47,877	2,806 Tons

STATEMENT OF LOANS AND COMMODITIES OWNED - (Continued)

	Advance On Commodity Loans	Repayments, Acquisitions & Adjustments on Commodity Loans	Total Commodity loans Outstanding	Total Quantities of Commodities Held As Collateral
Peanut Loans	$	$	$	
1937-38 Peanuts....	5,360,107	5,360,107	---	---
1938-39 "	7,113,752	7,113,752		
1939-40 "	624,008	---	624,008	10,215 Tons
	13,097,867	12,473,859	624,008	10,215 "
Prune Loans				
1937-38 Prunes.....	2,357,069	2,357,069	---	---
1938-39 "	397,224	351,801	45,423	17,837 Tons
	2,754,293	2,708,870	45,423	17,837 "
Raisin Loans				
1937-38 Raisins....	1,327,720	1,327,720	---	---
1938-39 "	2,985,044	616,616	2,368,428	61,689 Tons
	4,312,764	1,944,336	2,368,428	61,689 "
Wheat Loans				
1938 Form A.....	12,976,251	10,752,428	2,223,824	---
1938 Form B.....	34,091,935	34,060,659	31,276	3,704,833 Bu.
1939 Form A.....	1,730,719	20,172	1,710,546	---
1939 Form B.....	4,454,493	165,677	111,244,193	161,282,902 Bu.
	53,253,398	44,998,936	115,209,839	164,987,735 Bu.
Wool & Mohair				
1938 Wool & Mohair.	3,311,699	3,307,038	4,661	42,888 Lbs.
1939 " " "	27,296	19,600	434,698	2,522,439 "
	3,338,995	3,326,638	439,359	2,565,327 "
Butter Loans				
1938 Butter.....	31,646,113	31,646,113	---	1,329,655 Lbs.
1939 "	3,015,341	---	3,015,341	12,119,072 "
	34,661,454	31,646,113	3,015,341	13,448,727 "
Date Loans	61,302	61,302	---	---
Pecan Loans	470,726	84,385	386,342	2,792,702 Lbs.
Hops Loans	1,472,866	417,021	1,055,845	5,226,394 "
Rye Loans	496,638	66	496,572	1,300,967 "
Total Commodity Loans	1,278,715,276	1,026,455,420	500,226,962	

DISPOSAL OF SURPLUS COMMODITIES

EXPORTATION AND DOMESTIC CONSUMPTION OF AGRICULTURAL COMMODITIES
(Section 32, Act of August 24, 1935)

Exportation and domestic consumption of agricultural commodities (permanent - annual	$100,925,859
Disposal of surplus commodities	85,000,000
Emergency Relief Appropriation Act for 1941	50,000,000
Transfer pursuant to Reorganization Plan No. IV to Post Office Department	- 1,248
Transfer in 1942 estimates to:	
Bureau of Agricultural Economics	- 150,000
Public Buildings Administration	- 71,289
Available, 1941	235,703,322
Budget estimate, 1942	200,000,000
Decrease	35,703,322

PROJECT STATEMENT

Projects	1940	1941 (estimated)	1942 (estimated)	Increase or Decrease
1. Food stamp plan - redemption payments	$16,498,436	$125,000,000	$125,000,000	- -
2. Cotton stamp plan - redemption payments	39,400	8,000,000	8,000,000	- -
3. Purchase of surplus commodities and distribution to state relief agencies	117,817,303	61,918,595	40,570,000	-$21,348,595 (1)
4. Encouragement of exports of agricultural commodities - program payments	49,352,971	12,981,500	10,000,000	-2,981,500 (2)
5. Diversion of agricultural commodities to by-products and new uses - program payments	4,204,091	20,500,000	10,000,000	-10,500,000 (3)
6. Administrative expenses for the surplus removal program:				
Planning and direction of surplus removal program	625,691	530,627	530,627	- -
Administrative service	1,258,728	1,730,507	1,165,000	-565,507 (4)
Purchase and distribution operations	2,550,000	4,350,287	4,061,067	-289,220 (5)
7. Allotments to Cooperateing Offices and Agencies of the Department of Agriculture	117,448	261,806	243,306	-18,500 (6)
Transfer to "Printing and Binding, Department of Agriculture"	200,000	300,000	300,000	- -
Transfer to "Salaries & Expenses, Div. of Disb. Treasury Department"	99,196	130,000	130,000	- -
Total	192,763,264	235,703,322	200,000,000	-35,703,322
Transferred in 1942 estimates to:				
Bureau of Agricultural Economics	+47,310	+150,000		
Public Buildings Administration	+48,601	+71,289		
Unobligated balance.....	12,819,637			
Total.....	205,678,812	235,924,611	200,000,000	

INCREASES OR DECREASES

The decrease of $35,703,322 in this item for 1942 has been tentatively distributed among the projects as shown in the above Project Statement.

(1) It is estimated that a decrease of $21,348,595 may be effected by contraction of direct purchase activities. It is not possible to calculate the exact effect the expansion of the food and cotton stamp plans may have on the direct purchase program. However, it is anticipated that these programs may warrant a substantial decrease in expenditure for the purchase and direct distribution of surplus agricultural commodities in 1942. Experience has shown that the direct purchase method of removing price depressing surplus is adapted to meeting sudden gluts in farmers' markets for certain commodities. Until the general level of consumption of food products by the economically under-privileged and the public at large has been raised to a much greater extent than is anticipated in the next few years, the necessity for continuing a direct means of market stabilization and adjustment for food products, particularly for perishable commodities, will continue.

(2) A decrease of $2,981,500 may be made in 1942 by restricting activities in connection with export encouragement programs. It is not possible to state at this time whether the cotton products or wheat products export programs will be affected. Export encouragement expenditures necessarily must be based on domestic and foreign market conditions during the next fiscal year which cannot be calculated at this time.

(3) A decrease of $10,500,000 may be provided by limiting the programs for the diversion of agricultural commodities to by-products and new uses. The principal effect of this decrease in 1942 will be a substantial reduction in the amount which may be allocated for indemnity payments in connection with the diversion of peanuts to oil.

(4) A decrease of $565,507 is expected in administrative expense for such administrative services as auditing, accounting, personnel, business management and investigation in connection with surplus removal programs in 1942. It is believed that it will be possible to provide these necessary services at a decreased rate of expenditure as a result of the curtailing purchase, export and diversion activities.

(5) A decrease of $289,220 is anticipated in the administrative expenses of purchase and distribution operations. This decrease represents the approximate amount which it is estimated will no longer be required because of the proposed limitation of the direct purchase and distribution program in 1942.

(6) A decrease of $18,500 will be accomplished by discontinuing the reallotment to the Agricultural Marketing Service for inspection services in connection with the one variety cotton export program.

These inspection services will be completed by the end of this fiscal year, and it is not contemplated that they will be required in 1942.

WORK UNDER THIS APPROPRIATION

General. The work under this appropriation is concerned with the development and operation of means of encouraging the exportation and increasing the domestic consumption of agricultural commodities resulting in increased returns to producers. The work is divided along the following lines of activity:

Project 1. Food Stamp Plan - Redemption Payments.

Objective: To increase returns to producers by encouraging domestic consumption of surplus agricultural commodities.

The Problem: Producers of fruits, vegetables, grain, meat, dairy and poultry products are faced with mounting price-depressing surpluses because of impaired domestic purchasing power, disappearing export markets, increased production due to favorable growing conditions, and farm prices less than parity. At the same time there exist thousands of undernourished individuals on relief, and low-income families with inadequate diets.

Significance: Recent studies indicate that if all the families in the United States who received less than $100 a month (65 per cent have incomes of less than $1,500 per annum) were able to increase their income to that level (in terms of the 1935 level), it would have resulted in an increase in expenditures for food of approximately 1.9 billion dollars.

Such an expansion of domestic consumption of farm products would go far toward solving the problem of burdensome food surpluses, and would substantially increase producers' income which, in turn, would result in the purchase of needed industrial products and increased employment.

The Plan of Work: The stamp plan is operated in designated areas, the limits of which are definitely established according to corporate, county, township, or other specific geographic boundaries. The state or local welfare agency responsible for welfare administration in the designated area acts as stamp issuing agency under written contract with the SMA. Essentially, the stamp issuing agency agrees (a) to establish a revolving fund of an amount sufficient to reimburse the SMA for orange stamps issued, (b) to furnish personnel and assume cost of administration of the plan, and (c) to not reduce current public assistance payments. The stamp issuing agency establishes the record of persons eligible to participate in the stamp plan. Eligibility is limited to persons receiving or eligible for public assistance.

A supply of orange and blue stamps is made available to the stamp issuing agency by the SMA. The SMA is paid for the orange stamps out of the revolving fund, the amount of which payment is used by the SMA for redemption of orange stamps. The proceeds from the sale of orange stamps to welfare participants by the stamp issuing agency are deposited in the revolving fund. Blue stamps are furnished to the issuing agency free, blue stamps being redeemed by the SMA from money appropriated to it for the purpose.

As economic studies indicate welfare clients spend an average of $1.00 per person per week for food, welfare participants in the food stamp plan are permitted to purchase each week an amount of orange stamps approximately equal to their former food expenditures which may be redeemed at any grocery for any food product. The purchasers are given 50 cents' worth of free blue stamps additional for each dollar's worth of orange stamps bought. Blue stamps are exchanged in retail food stores for commodities which have been designated by the Secretary of Agriculture as "surplus foods". The purchase of orange stamps assures that welfare participants will continue their normal expenditures for food so that the blue stamps will represent an increase of approximately 50 per cent in their food budgets.

Orange and blue stamps taken in exchange for food are pasted by retail food stores on cards, which are certified by such retailers that the stamps have been accepted in accordance with the Secretary's regulations and conditions governing the plan. Stamps are submitted by retail food stores for redemption by (a) submitting them direct to the local SMA Audit Office, or (b) submitting them through wholesalers or banks acting as collection agents, who give retailers credit and in turn submit stamps with supporting voucher to the SMA Audit Office for redemption.

Participation in the food stamp plan by welfare recipients and by retail food stores, banks, and food wholesales, is entirely voluntary.

Progress of Work: As of September 1940, 150 areas widely scattered throughout the country had been designated for operation of the food stamp plan. The plan was in active operation in 124 of these areas. 1,007,798 cases representing approximately 2,835,965 persons, were certified as eligible to participate in the food stamp plan. Of this number, 661,467 cases, representing approximately 1,907,316 persons, were actually participating. The cumulative value of blue stamps issued to eligible participants was $25,550,341.

The proportion of eligible persons participating in the program has shown a gradual increase since the program's inception. This developing participation of eligible welfare clients indicates that the operations of the program are meeting with increasing success. The farmers' reaction to the program also has been favorable.

Project 2. Cotton Stamp Plan - Redemption Payments.

Objective: To increase returns to cotton producers by encouraging domestic consumption of cotton and cotton products.

The Problem: The world carryover of American cotton on July 31, 1940 was estimated at 12,649,000 bales, and the cotton production during the growth year 1940 is estimated at about 12,550,000 bales, making the world supply of American cotton for the 1940-41 season of 25,199,000 bales. Of this total supply, 23,150,000 bales are in the United States.

If the world consumption of American cotton during the season of 1940-41 is the same as the 10 year average (1928 through 1937), 12,767,000 bales, the carryover on July 31, 1941 will be 12,432,000 bales, or approximately 8,000,000 bales in excess of normal.

Significance: Present expectations of qualified estimators are that the world consumption of American cotton during the present marketing year ending July 31, 1941, will not exceed 11,000,000 to 11,500,000 bales, of which probably 8,000,000 to 8,500,000 bales will be consumed in the United States. Consumption of presently expected quantities will leave a world carryover of American cotton at the end of the current marketing year of 13,700,000 to 14,200,000 bales, or nearly 9,000,000 bales in excess of normal carryover.

The present cotton surplus is severely depressing cotton prices. On September 15, 1940, the parity price for cotton was 15.75 cents per pound. The actual price was 9.23 cents, only 60 per cent of parity.

The Plan of Work: The mechanics of the cotton stamp plan are essentially the same as those used in the food stamp plan.

The cotton stamp plan provides for the use of green and brown colored stamps. Studies indicate that a family of four making $500 a year or less now spend on the average of $17.90 annually for cotton goods, whereas families making $1,000 to $1,500 spend over twice as much. The cotton stamp plan, therefore, provides that eligible participants will be given $1.00 worth of free brown surplus cotton stamps for each $1.00 worth of green stamps purchased, the amount required

to be purchased being approximately equal to present expenditures for cotton goods of low-income families.

Purchases of cotton stamps will be made by participating families every three months. The minimum and maximum rates of purchase and free stamp distribution to be made at these three-month intervals will be as follows:

(a) 1- and 2-person families could purchase, as a minimum, for each three-month period, a $4 book of stamps for which they would pay $2, or, as a maximum, a $6 book of stamps for which they would pay $3.

(b) 3- and 4-person families could purchase, as a minimum for each three-month period, a $6 book of stamps for which they would pay $3, or, as a maximum, a $10 book of stamps for which they would pay $5.

(c) 5-person and larger families could purchase, as a minimum for each three-month period, an $8 book of stamps for which they would pay $4, or, as a maximum, a $12 book of stamps for which they would pay $6.

Cotton stamps, like the food order stamps now in use, will be issued in denominations of 25 cents.

Progress of Work: As of September 1, 1940, the cotton stamp plan was in active operation in five areas. In these areas, 63,181 cases, representing approximately 170,591 individuals, were certified as eligible to participate in the plan. Of this number, 29,091 cases, representing approximately 81,457 persons, were actually participating.

Since the program is operating only in five areas, it is still in the experimental stage and it is too early to make a complete evaluation of the practical economic results. However, the operations in all five of these areas have met with a very favorable response and the indications are that the program will be a useful means of meeting the cotton surplus problem.

Project 3. Purchase of Surplus Commodities and Distribution to State Relief Agencies.

Objective: To increase returns to producers by removing surpluses of agricultural commodities from the normal channels of trade and commerce.

The Problem: Domestic and foreign markets for farm products will not adsorb the entire American production of many farm products under present conditions. The resulting surpluses depress farm income which is often further impaired through

dislocation of the markets by heavy seasonal offerings and market gluts in particular localities. At the same time, there are 3,335,000 certified relief cases of needy and underfed, representing 11,621,000 persons, throughout the country eligible to receive surplus commodities through direct distribution, who have not been certified to participate in the food stamp plan.

Significance: Removal of a portion of the burdensome agricultural surpluses by immediate action, properly timed and located, may prevent farm price collapses, wastage of supplies, producer bankruptcy, and eventually increased unemployment. Distribution of the surplus farm products to relief will prevent malnutrition, under nourishment, and the diseases which derive from them.

The Plan: Upon finding that an emergency situation exists in the marketing of a particular farm commodity or product, direct purchases are made of the surplus of that commodity and are shipped in carlot quantities upon order to state relief agencies for distribution to certified relief cases which are not certified for participation in the food stamp plan.

In order to carry the maximum benefits of such purchases directly to producers, various methods of procurement are employed. For some commodities it has been found most effective to purchase on the commodity exchanges; in other cases, purchases at country shipping points have brought the best results; and in still other cases, it has proven beneficial to procure the products directly from producers. In a few cases, the purchase of particular commodities on the basis of competitive bids submitted in accordance with usual government practice has had the desired effect on the market. The nature of the commodity and the established marketing machinery, the competitive situation in the industry, the inventory position of handlers at a particular time, the extent of organization among producers and other factors all are considered in determining the procurement procedure best adapted to the particular objective. In some instances it has been found much cheaper to prevent demoralization of a market by timely and substantial purchases than to attempt improvement after a decline has occurred.

In addition to distribution to relief cases, free school lunch programs for undernourished children are organized and maintained with the cooperation of local agencies. These programs are so arranged that there will be no labeling of children receiving surplus commodities, and no diminution of the purchases of children that are not underprivileged and ill fed.

Progress: During the fiscal year ending June 30, 1940, purchase programs were conducted for 36 different commodities and their products. Procurement operations extended to 47 states. These commodities were distributed to all 48 states and the District of Columbia, and reached a total of 2,763,000 relief cases representing 9,773,000 persons.

Free school lunch program were organized and operated in 43,000 schools at the end of the 1940 school year and served 3,000,000 children. At the close of the fiscal year 1939, the free school lunch program operated in 14,500 schools, serving an average of 528,000 children per month.

As a result of the mattress-making program inaugurated during the past fiscal year and conducted in cooperation with the Agricultural Adjustment Administration 67,743,154 pounds of raw cotton and 13,548,630 yards of cotton ticking were purchased and made by rural low-income families into 1,354,863 mattresses distributed to such families in the South at the rate of one mattress per family.

Project 4. Encouragement of Exports of Agricultural Commodities - Program Payments.

Objective: To increase returns to producers by diverting surplus agricultural commodities to export markets.

The Problem: To maintain and improve the relative position of domestically produced farm products in the world market in the face of tariff, quota, and indirect measures restricting the flow of world trade adopted by countries bending every effort to secure economic self-sufficiency, or to successfully prosecute hostilities.

Significance: Producers of such exportable agricultural commodities as wheat, corn, cotton, and nuts are confronted with the loss, or serious impairment of the market for a large portion of their produce at a time when heavy production and large carryovers of supplies require an even greater expansion of their outlets.

Plan and Progress of Work: Careful analysis of export encouragement proposals is made and only those programs are selected which will be effective in regaining lost markets.

Most of the programs involve an offer made by the Secretary of Agriculture to pay an indemnity to exporters for the sale of the commodity to foreign markets which represents the difference between the domestic and the world price of the farm product. During the fiscal year 1940 this plan of operation was modified in connection with corn and wheat products programs in order to meet special administrative

difficulties in handling loan commodities. In these instances, the products were purchased by the Federal Surplus Commodities Corporation and sold to the export trade, the Corporation being reimbursed by the Secretary of Agriculture for the difference between the cost of purchasing domestically and selling in the world market.

During the fiscal year 1940, programs were conducted for the export of cotton and cotton products, wheat and wheat flour, corn, walnuts, pears and butter to the Canal Zone. In addition, a program was operated for the diversion of raisins, dried prunes, pork products, corn meal, wheat flour and cereal, dry and evaporated milk, and rice to the American Red Cross for export.

Project 5. Diversion of Agricultural Commodities to By-Products and New Uses - Program Payments.

Objective: To increase returns to producers by increasing domestic consumption of agricultural commodities.

The Problem: To utilize existing burdensome surpluses of agricultural commodities in such a way that they will not depress farm prices.

Significance: The loss and impairment of export markets for surpluses of farm products has thrown back upon the domestic market large supplies which cannot be disposed of in the normal markets without depressing even further already lower than parity prices for such commodities. Low farm prices in relation to the prices of industrial products require farmers to produce even more to be able to pay for what they buy, and this in turn results in greater surpluses. The economic existence of the farm population is threatened by such a situation and the economic health of the entire country is endangered.

Plan and Progress of Work: Programs for removing surpluses by finding and developing new outlets and uses have been operated for the most part through agreements between agricultural groups and the Secretary of Agriculture. Under these agreements, the agricultural groups have been authorized to acquire specified quantities of surplus commodities at stipulated prices, and to divert these supplies to new outlets or uses. The difference between the cost of the commodity to the agricultural group, plus incidental handling costs and the selling price for diversion uses, has been paid by the Secretary of Agriculture.

By means of this plan in 1940 peanuts were diverted to peanut oil, wheat was diverted to livestock feed, the marketing of certain grades of Puerto Rican coffee in the United States was encouraged, surplus walnuts and pears, and substandard

prunes, dates and figs were diverted to by-products, and the manufacture of starch from sweet potatoes was increased.

One of the most significant developments has been the fluid milk utilization program whici is operating in Boston, New Orleans, Chicago, and New York. Through agreements between the Secretary of Agriculture, the local relief agencies, and local handlers, fluid milk is made available to relief cases at 5 cents a quart, delivered at their homes, upon payment of an indemnity to the cooperating handlers which is determined through competitive bids. During the year 1940, approximately 37,371,906 quarts of milk were made available to relief cases under this program. In addition, a similar program was initiated in Chicago during June, 1940, for the sale of milk to school children at 1 cent per half pint. During the three school weeks of this arrangement in 1940, 102,226 quarts were sold at the rate of one-half pint per child per day.

During 1940 particular attention was paid to the development of new uses for cotton and cotton products. Programs were in effect for the encouragement of the use of cotton for bagging, cotton for paper, and cotton for insulation. Fostering such new outlets for the cotton is an essential part of any long-time program for dealing with the acute cotton surplus problem.

Project 6. Administrative Expenses for the Surplus Removal Program.

Objective: To effectively and efficiently plan, supervise, and conduct all phases of the surplus removal program.

The Problem: To secure quickly the necessary accurate information with regard to market conditions; to select, develop, and prescribe efficient and effective means of adjusting or alleviating emergency conditions; to execute such plans promptly, economically and in the manner best adapted to effectuate the purposes of the program; to enforce such regulations and conditions as are necessary to protect the public interest; to evaluate and report upon the results of the program.

Significance: Every type of operation involved in the surplus removal program has its own peculiar problems varying from season to season and calls for the cooperation and assistance of one or more groups outside of the Administration: farmers' associations, representatives of agricultural trades and industries, bankers, grocers, social workers, state, county and local public and private charitable relief and educational agencies, institutions and associations. Cooperative work with these groups in planning, conducting, and evaluating the several methods of meeting the economic and social problems

arising from the surpluses of agricultural commodities lays a basis for wider public understanding of the significance of the farmers' problem of marketing and the importance of taking immediate and definite steps to meet it.

Plan and Progress of the Work: The commodity divisions of the Surplus Marketing Administration; viz, Dairy Division, Fruit and Vegetable Division, Poultry Division, and Marketing Division (handling meat, grain, cotton, tobacco, potato and peanuts and their products), collect and analyze the commodity market, production, price and organization information, and after consultation with producer, handler, shipper, processing, warehousing and exporting groups formulate the type or types of programs for the commodities best adapted to effectively meet their particular problems. Prior to adoption of the particular plan, representatives of the administrative service divisions of the Administration; viz, Audit Division, Finance Division, Personnel Division, Business Management Division and Investigation Division together with a representative of the Solicitor's Office of the Department are consulted, respectively, as to any audit, accounting, staffing, facility, enforcement and legal questions which will be involved. Such consulatation results in practical suggestions for simpler or more efficient methods of operation which may be taken into consideration prior to execution of the plan, and brings about a mutual understanding of the methods and procedures of operation on the part of the several offices involved which leads to more efficient and effective administration of the program. If the program being developed involves direct purchases, stamp operations, or state distribution, a representative of the Distribution and Purchase Division, which actually conducts the programs of this type, assists the commodity division in the development of the program.

Programs for the encouragement of export and the diversion of commodities to by-products and new uses are operated under contractual arrangements with shippers, processors or other industry groups under the supervision and direction of the appropriate commodity division and its field force of inspectors.

All programs diverting surplus commodities to relief are conducted by the Distribution and Purchase Division. These include the direct purchase and distribution programs and the food and cotton stamp plans. Coordination between the commodity division responsible for the planning and integration of the commodity program and the Distribution and Purchase Division charged with the operation and conduct of direct purchase and stamp programs is effected by close and constant consultation between the Washington staffs of the divisions involved.

In the field, the direct purchase operations are conducted by field parties reporting direct to the Washington office of the

Distribution and Purchase Division. Distribution operations are conducted through four regional offices. The direct distribution program is supervised through each state's Director of Commodity Distribution. The stamp operations are supervised through local representatives of the SMA working with the local welfare agencies in the designated areas. The audit of claims is handled by 19 district and four regional audit offices which cooperate with the regional disbursing offices of the United States Treasury.

During the past year the administrative coordination of the activities of the Federal Surplus Commodities Corporation and the Division of Marketing and Marketing Agreements, illustrated by the plan of operation described above, was recognized by Reorganization Plan III, which combined these two agencies into the Surplus Marketing Administration. This has facilitated the integration of the planning, operating and service organizations, and has laid a basis for the decentralization of distribution and audit activities in the field.

Project 7. Allotments to Cooperating Offices and Agencies of the Department of Agriculture.

To assist in the administration of the surplus removal programs and to prevent duplication of facilities, existing centralized or specialized services are used in connection with these programs. The cooperating offices and agencies perform the following types of service in connection with the surplus removal programs:

1. Office of the Secretary: Policy making, standardizing, review and assistance in matters of finance, accounting, personnel, property, supplies and maintenance.

2. Office of the Solicitor: Legal advice, assistance, review and preparation of documents in connection with each program and general administrative, fiscal, organizational and enforcement problems.

3. Office of Information: Technical review, advice and assistance in all publications matters, and all problems and arrangements for printing and duplicating.

4. Foreign Agricultural Relations: Technical assistance and advice in the development and operation of export encouragement programs, and current and special foreign market information.

5. Extension Service: Educational material for farm groups in connection with the surplus removal program.

6. Bureau of Home Economics: Nutritional analyses of surplus commodities, dietary studies and material in connection with the distribution program, and the preparation of recipes for the use of surplus commodities by relief clients.

7. Agricultural Marketing Service: Special inspection and classification services in connection with the one variety cotton export program.

SURPLUS MARKETING ADMINISTRATION

(a) EXPORTATION AND DOMESTIC CONSUMPTION OF AGRICULTURAL COMMODITIES

This budget schedule covers allotments to the Surplus marketing Administration from the appropriation under this heading. The appropriation as a whole is discussed in its entirety in the notes immediately above.

(b) SALARIES AND EXPENSES, AGRICULTURAL ADJUSTMENT ADMINISTRATION

This budget schedule covers allotments to the Surplus Marketing Administration from the appropriation under this heading.

Pursuant to Reorganization Plan No. III, the powers and functions of the Division of Marketing and Marketing Agreements which administered the Agricultural Marketing Agreement Act of 1937, were removed from the Agricultural Adjustment Administration and consolidated with other functions in the Surplus Marketing Administration.

In the fiscal year 1940, $864,754 was obligated in connection with these functions which include the planning and direction of marketing agreements, orders, and activities. It is estimated that such obligations will amount to $994,452 in the fiscal year 1941 and in 1942.

WORK UNDER THIS ALLOTMENT

General: The work under this allotment is concerned with the administration of the Agricultural Marketing Agreement Act of 1937 as amended.

Objective: To regulate the flow of produced supplies of agricultural commodities and products to markets in an orderly manner so as to increase returns to producers.

The Problem: Unregulated competitive shipment of certain agricultural commodities such as fruits, vegetables, nuts, milk and dairy products means that over-supplies follow scarcities on the same market from day to day.

Significance: When the market is over-supplied, prices drop to the point at which the grower may not obtain a return sufficient even to pay his marketing costs, let alone his producing cost. The glut may be so great that the goods cannot be sold even at ruinously low prices and are completely wasted. Too small a supply on the other hand brings a wide swing and a sudden and unreasonable increase in the prices the consumer pays. This tends to discourage consumer demand for the products concerned. In the long run the consumer who is assured of a steady supply of farm goods at uniform prices is better off than if he profits temporarily by low prices that injure producers and then has to pay extremely high prices when the supply is inadequate. Marketing costs are relatively inflexible. Packaging, freight and similar charges are about the same, per unit of produce marketed, regardless of the price that the produce brings. When the price falls too low the grower has little or nothing

remaining when the marketing costs are paid. When prices are too high, the consumer is unable to purchase the same volume of goods that he would buy if prices were reasonable.

Stabilizing supplies and prices at a balanced level benefits both the grower and consumer and prevents waste of the product. Experience has demonstrated that with proper adjustment of shipments to demand it is possible to market a greater quantity of a given product over a marketing season at a price fair to consumers yet more remunerative to growers than if the crop were dumped on the market without regulations and without regard to what the market can take at a given time.

The Plan of Work: Cooperative group action by producers over a period of more than twenty years to adjust shipments to market demand has culminated in legislative recognition of their problem, their efforts, and extends federal assistance to the enforcement of cooperative agreements which affect the flow of produced agricultural supplies in interstate commerce. Marketing agreements embodying prorations of the market, the establishment of equalization pools, shipment, grade, and size regulation and the fixing of minimum prices to producers, in the case of milk, may be negotiated and entered into by the Secretary of Agriculture with associations of producers, shippers and handlers. If a majority of the shippers and handlers by volume or number enter into such an agreement, an order embodying the same terms as the marketing agreement may be issued by the Secretary of Agriculture enforcing the marketing plan upon the recalcitrant minority which otherwise have it in their power to completely destroy the comparative effort of a large majority. If a majority of the shippers and handlers by volume or by number refuse to enter into such an agreement, and two-thirds (by volume or by number) of the producers of the commodity involved indicate at a referendum that the order is desired, the Secretary of Agriculture will issue the order upon approval by the President.

Progress of the Work: Marketing agreements or orders, or both, were in effect on June 30, 1940, for 18 different commodities, affecting 1,329,651 producers. Fluid milk orders or agreements assist 128,574 of these producers in regulating the flow of supplies of milk in 26 marketing areas.

Agreements or Orders in effect January 1, 1941

Agreement or Order	Fluid Milk Orders or Agreements
California-Arizona oranges and grapefruit	Battle Creek, Michigan
Florida citrus	Boston, Massachusetts
Northwest fresh prunes (Oregon & Wash.)	Chicago, Illinois
Pacific Coast fall and winter pears (other than California Hardys)	Cincinnati, Ohio
California Hardy pears	Denver, Colorado
California fresh Bartlett pears, plums, and Elberta peaches	Dubuque, Iowa
Colorado peaches	Fall River, Massachusetts
Pacific Coast walnuts	Fort Wayne, Indiana
Pacific Coast hops	Kalamazoo, Michigan
Colorado peas and cauliflower	Kansas City, Missouri
Colorado onions	La Porte, Indiana
Utah Onions	Leavenworth, Kansas
Mississippi tomatoes	Louisville, Kentucky
Watermelons (Florida, Georgia, North Carolina and South Carolina)	Lowell-Lawrence, Massachusetts
Connecticut Valley shade tobacco	New Orleans, Louisiana
Evaporated Milk	New York, N. Y.
Dry Skim Milk	Omaha-Council Bluffs
Peaches - Utah	Quad Cities (Ill.-Iowa)
Hops - Oregon, California & Washington	St. Louis, Missouri
Tokay Grapes - California	San Diego, California
	Shreveport, Louisiana
	Sioux City, Iowa
	Toledo, Ohio
	Topeka, Kansas
	Twin Cities, Minnesota
	Washington, D. C.
	Wichita, Kansas

Listed below are markets in which discussion with producer and handler groups have warranted consideration of marketing agreements or orders which are in various stages of development as of January 1, 1941.

Hearings held:

Calumet City Area(Illinois-Indiana)
Pittsburgh, Pennsylvania

Hearings requested:

Providence, Rhode Island
Twin Ports(Minnesota-Wisconsin)

Assistance requested:

Binghampton, New York
Kansas City, Kansas
Chattanooga, Tennessee
New Jersey Area
Dallas-Fort Worth(Texas)
Philadelphia, Pennsylvania
Springfield-Worcester(Massachusetts)

(c) REFUGEE RELIEF (ALLOTMENT TO AGRICULTURE, OFFICE OF THE SECRETARY)

This budget schedule covers allotments to the Department of Agriculture from the appropriation under this heading. Agricultural supplies are purchased at the request of the American Red Cross and delivered at any port of embarkation designated by that organization for distribution to refugee men, women and children who have been driven from their homes or otherwise rendered destitute by hostilities or invasion.

The following items have been procured as of November 30, 1940:

Commodity	Quantity	Obligation
Apples, dried	825,000 pounds	$ 49,747
Beans, dried	500,000 pounds	18,100
Syrup, cane	10,000 cases	28,850
Blankets, cotton	52,500 blankets	49,415
Grapefruit juice	12,500 cases	19,075
Lard	500,000 pounds	33,644
Prunes, dried	850,000 pounds	30,536
Raisins	825,000 pounds	35,310
Rice	300,000 pounds	6,405
Rye, sacked	150,000 bushels	97,413
Wheat, cracked	700,000 pounds	13,265
Wheat, sacked	250,000 bushels	256,925
Total		$635,685

(d) CONSERVATION AND USE OF AGRICULTURAL LAND RESOURCES, DEPARTMENT OF AGRICULTURE

This budget schedule covers allotments to the Surplus Marketing Administration from the appropriation under this heading.

At the request of the Agricultural Adjustment Administration, the Investigation Division of the Surplus Marketing Administration checks compliance with the marketing quota provisions of the agricultural conservation program. The facts found by the Investigation Division are reported to the Agricultural Adjustment Administration for such action as may be deemed appropriate in the circumstances. Successful administration of these programs requires prompt and complete information in

alleged irregularities. By utilizing the services of the Investigation Division of the Surplus Marketing Administration, the Agricultural Adjustment Administration has avoided the necessity of establishing an investigation division of its own.

(e) CONSERVATION AND USE OF AGRICULTURAL LAND RESOURCES, DEPARTMENT OF AGRICULTURE (ADJUSTMENTS IN FREIGHT RATES FOR FARM PRODUCTS)

(Allotment of funds furovant to Sec 20(a) - (d) of the Agricultural Adjustment Act of 1938)

PROJECT STATEMENT

Project	1940	1941 (estimated)	1942 (estimated)
Adjustment in freight rates for farm products:			
Surplus Marketing Administration	$35,062	$59,360	$59,360
Office of the Solicitor	9,964	15,540	15,540
Total	45,026	74,900	74,900

WORK UNDER THIS APPROPRIATION

Objective: To increase returns to producers by securing adjustment of freight rates on farm products.

The Problem: Few farmers' cooperative associations have facilities to examine and present the highly technical problems of freight rates, charges, tariffs, and practices relating to the transportation of farm products from the farm to the market before the Interstate Commerce Commission in the interests of producers.

Significance: Cost of transportation of produce from the farm to the market is the largest single item of expense for producers in marketing their products.

The Plan of the Work: To cooperate with and assist cooperative associations of farmers in making complaints to the Interstate Commerce Commission with regard to freight rates on farm products. To survey the field of freight rates, charges, tariffs, and transportation practices, to make complaint to the Interstate Commerce Commission in cases of maladjustment from the standpoint of the producer, and to prosecute cases in behalf of farmers' interests. The legal work in

connection with this program is carried out by the Office of the Solicitor.

The Progress of the Work: Activities in the adjustment of freight rates on farm products during the fiscal year 1940 have included the following adjustments:

1. Rail rates on cotton from the Southwest. A series of voluntary reductions on rail rates on cotton from Texas and Oklahoma points were negotiated with the railroads in cooperation with growers' organizations without involving extensive utilization and expense. Estimated savings on the reduced rates will amount to approximately $1,000,000 per annum.

2. Liberalization of stopping-in-transit rules on cotton. Testimony has been presented and briefs have been filed with the Interstate Commerce Commission in behalf of proposed liberalized stopping-in-transit rules on cotton filed by rail carriers of the Southwest. These proposed rules will facilitate the marketing of cotton and redound to the benefit of producers.

3. Free return of caretakers of live poultry. Travel of caretakers with live poultry to market is essential to the good condition of poultry in transit, but the expense of their return home curtailed by that much the producer's revenue. Publication of tariffs permitting free return of such caretakers has been obtained from the railroads. It is estimated that this will result in savings of $75,000 per annum on shipments to New York alone.

4. Survey on rail rates on wool. A national survey of the high rates on wool has been undertaken with a view to complaint to the Interstate Commerce Commission. The preparation of this case is in progress.

5. Rail rates on Florida pineapples. Rail rates on pineapples have been an almost overwhelming obstacle to the development of their production in Florida. Negotiations with the railroads for their adjustment is underway.

6. Loading rules on watermelons suspended. On three accasions railroads have filed loading rules on watermelons which would burden producers with an additional expense of approximately $15.00 per car. On each occasion protest resulted either in voluntary withdrawal of the rates or suspension.

7. Estimated weights on citrus fruits. Citrus fruits are shipped on estimated weights. These estimates have been revised upward. No corresponding decrease in the published tariff per 100 pounds has been made. The resulting higher tariffs have been suspended by the Interstate Commerce Commission. Preparation of testimony and representation of the producer interest is being continued.

8. Grain rail rates to Omaha. Northeastern Colorado and southwestern Nebraska grain is sold on the basis of the Omaha market,

less freight rate from point of production to Omaha. Such freight rates to Omaha are unreasonable to the extent of from one to five cents per 100 pounds, resulting in penalizing the producers to that extent. The Surplus Marketing Administration has intervened in the complaint before the Interstate Commerce Commission made by some 3,000 producers. Voluminous testimony and a complete brief have been filed in their behalf.

9. Estimated weights on vegetables. Estimated weights, on which vegetables are shipped, have been revised upward with no corresponding decrease in rate per 100 pounds. Testimony and briefs have been filed with the Interstate Commerce Commission in behalf of the producers.

10. Livestock rates from the South to the East. Total per car charges on livestock moving from the South to the East are so large as to restrain the development of the livestock industry in the South. Voluminous studies have been prepared for presentation at a hearing before the Interstate Commerce Commission to alleviate this situation.

11. Rates on bagging manufactured wholly from cotton. No rates are authorized to apply to carload shipments of bale covering manufactured wholly from cotton. Negotiations are underway with the railroads to establish reasonable rates on such products.

12. Grain reshipping rates to the East. In October 1939, carriers serving Chicago filed rates excluding grain coming into Chicago, St. Louis, Peoria, etc. from advantageous reshipping rates to New England, Eastern and Central states. This would have increased rates east of Chicago from 4 1/2 cents per 100 pounds up. This change has been protested and testimony and briefs have been presented to the Interstate Commerce Commission on behalf of the producers.

13. Grain storage rates in railroad elevators in Baltimore. Negotiations have been conducted with rail carriers with available storage capacity in elevators in Baltimore to secure a reduction in rates comparable to those prevailing in Boston, Massachusetts, and Buffalo, New York. These efforts have been unsuccessful to date but they are being continued.

14. Partial unloading of raisins in transit. Efforts have been made to secure from carriers rules permitting partial unloading of raisins in transit at a through rate applicable to the farthest distant point. Present rules do not permit this and require a carload of 60,000 pounds which few destinations can absorb. This results in a restriction on markets for raisin producers. Negotiations to remove this restraint are continuing.

FEDERAL SURPLUS COMMODITIES CORPORATION

(f) SPECIAL DEPOSIT ACCOUNT - FEDERAL SURPLUS COMMODITIES CORPORATION - NORTHEASTERN TIMBER SALVAGE ADMINISTRATION.

This schedule reflects the administrative and program expenses of the Northeastern Timber Salvage Administration, an organization within the Federal Surplus Commodities Corporation, engaged in salvaging timber in New England damaged by the hurricane. These activities are conducted and financed pursuant to a loan agreement between the Corporation and the Disaster Loan Corporation. Responsibility for the technical operation of this program has been delegated to the Forest Service.

(g) SPECIAL DEPOSIT ACCOUNT - FEDERAL SURPLUS COMMODITIES CORPORATION - FEDERAL EMERGENCY RELIEF ADMINISTRATION.

This schedule reflects the status of the residual funds of the Federal Surplus Relief Corporation, which were derived from donations of funds and commodities to the Corporation by the States, and the assignment by States to the Corporation of direct relief grants to the States by the Federal Emergency Relief Administration.

(h) SPECIAL DEPOSIT ACCOUNT - FEDERAL SURPLUS COMMODITIES CORPORATION - PURCHASE FOR EXPORT OF WHEAT AND FLOUR.

This schedule shows the borrowing and repayment of funds to the Reconstruction Finance Corporation, temporary use of a portion of the residual funds of the Federal Surplus Commodities Corporation, and the collection of indemnity payments from the Secretary of Agriculture in connection with the purchase of wheat and flour domestically and the sale thereof in the export trade pursuant to the agreement between the Federal Surplus Commodities Corporation, the Reconstruction Finance Corporation and the Secretary of Agriculture.

(i) SPECIAL DEPOSIT ACCOUNT - FEDERAL SURPLUS COMMODITIES CORPORATION - OPERATING ACCOUNT FOR LOANED WHEAT.

This schedule shows the purchases by the Federal Surplus Commodities Corporation of wheat under Commodity Credit Corporation loans and the sale of such wheat in export trade pursuant to an agreement between the Federal Surplus Commodities Corporation and the Commodity Credit Corporation.

(j) SPECIAL DEPOSIT ACCOUNT -
FEDERAL SURPLUS COMMODITIES CORPORATION -
OPERATING ACCOUNT FOR LOANED CORN.

This schedule reflects the purchases by the Federal Surplus Commodities Corporation of corn under Commodity Credit Corporation loans and the sale of such corn in the export trade pursuant to an agreement between the Federal Surplus Commodities Corporation and the Commodity Credit Corporation.

(k) SPECIAL DEPOSIT ACCOUNT -
SURPLUS MARKETING ADMINISTRATION -
SALE OF ORANGE FOOD ORDER STAMPS.

This schedule reflects the sale and redemption of orange food order stamps by the Surplus Marketing Administration in connection with the operation of the Food Stamp Plan.

(l) SPECIAL DEPOSIT ACCOUNT -
SURPLUS MARKETING ADMINISTRATION -
SALE OF GREEN COTTON ORDER STAMPS.

This schedule reflects the sale and redemption of green cotton order stamps by the Surplus Marketing Administration in connection with the operation of the Cotton Stamp Plan.

(m) TRUST ACCOUNT -
FEDERAL SURPLUS COMMODITIES CORPORATION -
PURCHASES FOR STATES.

This schedule shows the status of the account transferred to the Procurement Division of the U. S. Treasury for the purchase of supplies for the Federal Surplus Commodities Corporation.

(n) TRUST ACCOUNT -
FEDERAL SURPLUS COMMODITIES CORPORATION -
EXPENSES, SALE OF HIDES.

This schedule reflects the costs of storage and inspection incident to the sale of hides and skins received by the Federal Surplus Relief Corporation as a result of the draught cattle purchase program, for the account of miscellaneous receipts of the U. S. Treasury.

ADMINISTRATION OF SUGAR ACT OF 1937

Appropriation Act, 1941:	
Direct appropriation	$46,675,000
Reappropriation	1,300,000
Total, 1941	47,975,000
Transfers in 1942 estimates to:	
"Salaries and Expenses, Bureau of Agricultural Economics"	- 50,000
"Salaries and Expenses, Public Buildings and grounds in the District of Columbia, Public Building Administration"	- 1,040
Available, 1941	47,923,960
Budget estimate, 1942	47,923,960

PROJECT STATEMENT

Project	1940	1941 (Estimated)	1942 (Estimated)
Administration of the Sugar Act of 1937	$47,697,514	$47,923,960	$47,923,960

INCREASES AND DECREASES

As indicated in the appropriation statement shown above, there is no increase in the appropriation estimate for 1942. There is an increase of $1,300,000, however, in the direct appropriation estimate because this sum was reappropriated for 1941 and there are no unobligated balances available for reappropriation in 1942. Payments under the Sugar Act of 1937 remain fairly constant from one year to the next as the rate of payment is the same each year pursuant to Section 303(a) of the Act and participation remains about the same. The appropriation of $47,923,960 is therefore needed to meet the normal obligations which are incurred each year under the sugar programs.

CHANGE IN LANGUAGE

Since $1,300,000 of the funds available in the fiscal year 1941 were derived from unobligated balances of the appropriation for 1939, and no appreciable unobligated balances are expected to be available for similar use in 1942 in the Administration of the Sugar Act, appropriate change has been made in the language of this paragraph.

WORK UNDER THIS APPROPRIATION

This appropriation is used for carrying into effect the provisions of the Sugar Act of 1937, approved September 1, 1937, (50 Stat. 903-916), as extended by Public No. 860, approved October 15, 1940. Public No. 860 amended the Sugar Act of 1937 extending its provisions to include conditional payments on the 1941 crop of sugar beets and sugarcane, quotas and allotments covering the marketing of sugar in the calendar year 1941 and the excise tax on the marketing of sugar through June 30, 1942. Pursuant to Title IV of this Act, excise taxes amounting to approximately $68,000,000 are collected annually through the Treasury Department.

Appropriation for each fiscal year of a sum not to exceed $55,000,000 for purposes of administration of this Act is authorized by Section 502 of the Act. The funds provided by this appropriation are subject to allotment and transfer by the Secretary of Agriculture to the bureaus and offices of the Department of Agriculture and other cooperating Federal agencies. Under this authority as shown in the budget schedules, allotments have been made to the Agricultural Adjustment Administration, which has been designated by the Secretary of Agriculture as the agency responsible for carrying into effect the provisions of the Sugar Act of 1937, and to other agencies called upon in various ways to facilitate the administration of the sugar program.

The objectives of the sugar program are:

(1) The establishment of quotas and allotments regulating the supply of sugar available for marketing in the continental United States and from all sugar producing areas supplying the United States market which will (a) stabilize the price of sugar so that the consumers are not required to pay average prices in excess of those necessary to maintain the domestic industry as a whole, (b) protect the domestic industry, and (c) sustain or expand an export trade with countries marketing sugar in the United States.

(2) The making of conditional payments with respect to sugar or liquid sugar commercially recoverable from sugar beets or sugarcane grown on farms for the extraction of sugar, or liquid sugar conditioned upon (a) the elimination of child labor; (b) payment of fair or equitable wages to field laborers; (c) adjustment of the production of sugar beets and sugarcane on each farm to the amount required to provide the farm's proportionate share of the corresponding sugar market quota; (d) in the case of processor-growers, the payment to other growers from whom they purchase sugar beets and sugarcane of fair and reasonable prices for such sugar beets and sugarcane; and (e) the carrying out of approved farming practices for preserving and improving the fertility of the soil and for preventing soil erosion.

(3) The making of surveys and investigations to accomplish the purposes of the Act and also the making of recommendations in accordance therewith with respect to the terms and conditions of contracts between the producers and processors of sugar beets and sugarcane and the terms and conditions of contracts between laborers and producers of sugar beets and sugarcane.

[illegible]

[illegible]

[illegible]

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The Agricultural Adjustment Administration has been designated by the Secretary of Agriculture as the agency responsible for carrying into effect the provisions of this Act. The central responsibility for administration of the sugar program is lodged in the Sugar Division while the field work in connection with the making of payments to producers is performed by the several regional divisions which are likewise engaged in making the payments in various geographical areas in connection with other programs of the Administration.

Pursuant to Title II of the Sugar Act, the Sugar Division works out for approval of the Secretary findings of total sugar consumption requirements of the continental United States for each calendar year and prepares for ultimate approval of the Secretary regulations establishing sugar marketing quotas for all producing areas which market sugar in continental United States and allotments of such quotas. It administers the quotas and allotments established.

The Sugar Division prepares, after public hearings, determinations and regulations, procedures and instructions relating to production payments and deficiency and abandonment payments to sugar beet and sugarcane producers in four major areas, determinations of fair prices to be paid growers by grower-processors as a condition of receiving Government payments, and determinations of labor and wage standards requisite for conditional payments. Payments are made in the sugar beet area by the North Central and Western Divisions, in the mainland sugarcane area by the Southern Division and in Hawaii and Puerto Rico by the Division of Special Programs.

The Sugar Division compiles the official Departmental sugar statistics involved in the execution of the payment programs, quotas and allotment programs and the administrative control thereof. It conducts research looking toward an equitable balancing between the interests of growers and processors, laborers and growers, and consumers of sugar, making public certain findings of fact derived therefrom, and conducting investigations required in the general administration of the Act.

During the current fiscal year, the Agricultural Adjustment Administration proposes conducting a survey with the object of making available a report on the current costs of producing sugar beets and sugarcane in local domestic producing areas. This work, when completed, will furnish data to the Secretary which will enable him to more accurately determine the "fair and reasonable prices to be paid by processor-growers for sugar beets and sugarcane produced from other producers" and will assist him in making "recommendations with respect to (a) the terms and conditions of contracts between the producers and processors of sugar beets and sugarcane, and (b) the terms and conditions of contracts between laborers and producers of sugar beets and sugarcane." This survey was requested by the National Beet Growers Association and other grower organizations.

INTERNATIONAL PRODUCTION CONTROL COMMITTEES

This item continues during the fiscal year 1942 the authority contained in the 1941 Agricultural Appropriation Act enabling the Secretary of Agriculture to utilize funds available for Agricultural Adjustment to cover the cost of United States membership in the International Wheat Advisory Committee or like events or bodies concerned with the reduction of agricultural surpluses, etc., and to provide for travel and incidental expenses in connection with such participation. The amount authorized for this purpose in 1941 ($17,500) remains unchanged in the 1942 Estimates.

Funds appropriated for effectuating the aims of crop control programs, conservation programs, and encouragement of exports have been made available, since the fiscal year 1935, for the payment of expenses of International Production Control Committees through a limitation heading bearing that title which has been contained in the Department of Agriculture appropriation bill.

Since that time expenses of representatives of the United States Department of Agriculture attending sessions of the International Wheat Advisory Committee have been paid under the authority contained in this limitation. Since the fiscal year 1938, expenses have also been paid on account of the International Sugar Council. In addition, this limitation has covered the reimbursement of the State Department for its payment of the United States' share of the costs of the Committee and the Council. Expenses incurred by the Department in connection with the International Cotton Committee and the statistical work of the Secretariat are also paid from this fund.

THE PRESENT STATUS OF AGREEMENTS

The outbreak of war in Europe in early September, 1939, could not fail to affect the operation of international agreements already in effect and the negotiations for new ones. In respect to those already in effect, however, the result has been to continue the machinery, at least in skeleton form, in order that the progress made in the past will not be nullified. As a matter of fact, the war has intensified the need for international action in respect to certain commodities. For example, in the Western Hemisphere alone there now exists a surplus of about 13 million bales of cotton and 800 million bushels of wheat for which no export outlets are available.

International Wheat Advisory Committee

No meetings of the Committee have been held since the outbreak of war, just prior to which discussions for a world agreement had reached a most promising stage. The Secretariat of the Wheat Advisory Committee, however, is continuing its statistical services and contributions on a reduced scale are still being made by the member countries for that purpose.

International Sugar Council

Despite the outbreak of war the International Sugar Agreement continues in full force, as none of the contracting governments has applied for suspension of its obligations. The Secretariat continues to function, though on a somewhat reduced scale, and there has been a reduction in the members' contributions.

An informal meeting was held in London on August 23, 1940, and a formal meeting has been called for January 6, 1941, to consider problems arising out of the war. For this reason and in order to be prepared to prevent the repetition of the chaotic conditions which followed the last war, it is considered highly desirable to keep the agreement in operation.

International Cotton Meeting

Recommendations made at the International Cotton Meeting held in Washington September 5, 1939, included the establishment of an International Cotton Advisory Committee and a Secretariat for the Committee. Member governments include Brazil, Egypt, India, Mexico, Peru, Turkey, and the Union of Soviet Socialist Republics.

The International Cotton Advisory Committee met on April 1 and October 17, 1940, in Washington, D. C., and another meeting is scheduled for April 1941. The main object of these meetings is to consider problems arising out of the current war.

The Secretariat was established under the general direction of the Office of Foreign Agricultural Relations and is charged with observing and collecting data on the world cotton situation and advising the member governments when world conditions seem favorable for further international cooperation. The Secretariat has assembled and is publishing statistics on the international cotton trade from time to time.

ADMINISTRATION OF FEDERAL CROP INSURANCE ACT, DEPARTMENT OF AGRICULTURE

Appropriation Act, 1941:	
Direct appropriation	$5,423,200
Reappropriation from 1940 unexpended balance	100,000
Transfer in the 1942 Estimates to:	
Bureau of Agricultural Economics	- 76,800
Public Buildings Administration	- 11,912
Total available, 1941	5,434,488
Budget estimate, 1942	5,734,488
Increase	300,000

PROJECT STATEMENT

Projects	1940	1941 (Estimated)	1942 (Estimated)	Increase or Decrease
1. Federal Crop Insurance Corporation Field Offices: Supervision of purchase, storage, and sale of wheat reserves; approval of bases for crop insurance yield and premium rates in individual counties; and accounting for and verification of premiums collected	$1,002,152	$ 862,483	$ 862,483	- -
2. Storage costs and other direct expenses incident to the acquisition, maintenance, and sale of wheat (except transportation)	888,656	1,241,330	1,341,330	+$100,000(1)
3. Agricultural Adjustment Administration and State and County Agricultural Conservation Committees: Collection of premiums and adjustment of loss claims, collection of data for use in establishing crop insurance yield and premium rates, taking and recommending for approval applications for crop insurance	3,346,850	2,792,640	2,992,640	+200,000(2)

Projects	1940	1941 (Estimated)	1942 (Estimated)	Increase or Decrease
4. Research and development in connection with establishment of bases for crop insurance.....	$ 66,233	$ 65,685	$ 65,685	- -
5. General administration, program planning and direction, and business service.....	365,494	472,350	472,350	- -
Total.....	5,669,385	5,434,488	5,734,488	+$300,000
1939 unobligated balance available in 1940.....	- 500,000	- -	- -	-
1940 unobligated balance available in 1941.....	+ 100,000	- 100,000	- -	-
Transferred to:				
"Salaries and Expenses, Public Buildings and Grounds in the District of Columbia, Public Buildings Administration".....	+ 14,207	+ 11,912	- -	- -
"Salaries and Expenses, Bureau of Agricultural Economics".....	+ 71,150	+ 76,800	- -	- -
Unobligated balance.....	+ 68,458	- -	- -	- -
Total Estimate or Appropriation.....	$5,423,200	$5,423,200	$5,734,488	

INCREASES

The increase of $300,000 in this item for 1942 is requested to provide for the estimated increase of expenses due to the natural increase in participation in the fourth year of operation of the program and consists of:

(1) An increase of $100,000 for "Storage costs and other direct expenses incident to the acquisition, maintenance, and sale of wheat (except transportation)".

Objective: To carry premium collections in kind.

The Problem: In accordance with the Act to currently effect purchases and sales simultaneously with premium collections, and presentation of claims for indemnities, respectively, so as to protect the Federal Crop Insurance Corporation from speculation.

Significance: The intent of the Federal Crop Insurance Act is that all reserves of the Corporation set up against the liability of crop insurance written be carried in kind. The principle behind this requirement is that the Corporation insures yield only and not price, that it eliminates the possibility of loss or gain to the Corporation through fluctuation in price, and that the act of collecting premiums in kind in bumper crop years, storing the actual commodity and paying indemnities in kind in lean crop years, tends to stabilize the market for the commodity and the farmer income.

Plan of Work: It is planned to promptly convert into wheat in accordance with the legislation the cash collected as premium payments and store the wheat, to be sold only when indemnity claims are to be paid or to make offset sales and purchases to prevent deterioration.

(2) An increase of $200,000 for "Agricultural Adjustment Administration and State and County Agricultural Conservation Committees: Collection of premiums and adjustment of loss claims, collection of data for use in establishing crop insurance yield and premium rates, taking and recommending for approval applications for crop insurance."

Objective: To provide direct contact with the producer in the operation of the wheat crop insurance program in respect to the following phases of the work:

1. Collection of data on yields and rates for each individual farm.

2. Assist the producer in preparing the application, taking the application, and collecting the premium.

3. Determination of actual acres seeded.

4. Acting as adjuster in settlement of loss claims.

The Problem and Significance: To obtain coverage over the entire wheat belt and the services of persons who can work with the producer in this phase of the work, whom the producer knows and trusts and who knows not only the operation of the wheat crop insurance program but also the problems involved in producing wheat.

Plan of Work: The Federal Crop Insurance Act authorizes the Federal Crop Insurance Corporation to "establish or utilize committees or associations of producers in the administration of the Act", and further authorizes "payments to such committees or associations to cover the estimated administrative expenses to be incurred by them in cooperating and carrying out" the provisions of the Act. Under this authority the services of the state and county agricultural conservation committees already existing and functioning, in coordinating other agricultural programs, are being utilized to handle local administration of the wheat crop insurance program.

CHANGE IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed with brackets):

Administrative and operating expenses: For operating and administrative expenses under the Federal Crop Insurance Act, approved February 16, 1938, as amended (7 U. S. C. 1501-1518), [$5,423,200] $5,734,488, [together with a reappropriation of not to exceed $100,000 of the unexpended balance of the funds available for this purpose for the fiscal year 1940,] to be allotted by the Secretary of Agriculture (a) to the Federal Crop Insurance Corporation, as authorized by section 516(a) of such Act, and (b) to bureaus and offices of the Department of Agriculture or for transfer to other agencies of State and Federal Governments, as authorized by section 507(d) of such Act; and such part as the Secretary allots under clause (b) hereof shall be available for the employment of persons and means in the District of Columbia and elsewhere, rent in the District of Columbia, purchase of law books, books of reference, periodicals, and newspapers.

This change proposes deletion of the language reappropriating for the fiscal year 1941, $100,000 from the unobligated balance of funds appropriated for the fiscal year 1940. No savings are anticipated from the 1941 appropriation which could be made available for 1942.

Administration of Federal Crop Insurance Act, Department of Agriculture

VOLUME OF WORK

	1939 Actual	1940 As of	1940 Actual	1941 Estimated	1942 Estimated	Maximum Estimated
1. Number of wheat crop insurance applications accepted and policies written.....	165,777	10-21-40	379,063	450,000	550,000	1,200,000*
2. Premiums collected in bushels of wheat.....	6,684,215	estimated	14,100,000	18,000,000	22,000,000	48,000,000
3. Number of storage points.....	72	9-4-40	199	250	500	2,000
4. Insured acreage.....	7,235,049	estimated	11,200,000	15,750,000	19,250,000	42,000,000
5. Insured production (bushels).....	60,839,785	10-21-40	106,500,000	135,000,000	165,000,000	360,000,000
6. Loss claims approved for payment.....	55,912	estimated	125,000	150,000	(63,000 (to (183,000	220,000
7. Indemnities approved for payment in bushels.....	10,163,127	estimated	22,000,000	26,400,000	(11,000,000 (to (32,260,000	65,000,000
8. Number of states in which crop insurance written	31	9-4-40	33	36	36	36
9. Number of counties in which crop insurance written.....	1,289	8-30-40	1,431	1,450	1,460	1,890

VOLUME OF WORK - (Continued)

	1939 Actual	1940 As of	1940 Actual	1941 Estimated	1942 Estimated	Maximum Estimated
10. Number of states for which yield and rate data established.....	36	9-6-40	36	36	36	36
11. Number of counties for which yield and rate data established.....	1,810	9-6-40	1,820	1,878	1,890	1,890

*The Corporation has attempted to ascertain approximately the number of farms producing wheat as an income crop which could be considered as potential customers for crop insurance. Although there are considerable data available concerning wheat production, these figures are not adequate to furnish information concerning those which might be crop insurance customers. Therefore, the Corporation has been forced to estimate that probably 1,800,000 farmers grow wheat in sufficient quantity to make crop insurance a useful device in connection with their farm management programs. However, many of these farmers, possibly 800,000 to 1,000,000, do not consider their wheat growing operations of importance in their farming operations. Therefore the Corporation has estimated its maximum potential market as being the insurance of approximately 1,200,000 wheat farmers.

WORK UNDER THIS APPROPRIATION

General. The work under this appropriation includes general administration of the wheat crop insurance program under the Federal Crop Insurance Act; development of actuarial data required to currently maintain yield and premium rates in line with changing production conditions; analyses of yield and rate data and approval of yield and premium rates; determination of prices for cash equivalent; acceptance of applications for wheat crop insurance; receiving of premiums and conversion into wheat reserves required; storage and care of wheat reserves; approval of loss claims and conversion of wheat to cash to pay such claims.

Project 1. Federal Crop Insurance Corporation Field Offices: Supervision of purchase, storage, and sale of wheat reserves; approval of bases for crop insurance yield and premium rates in individual counties; and accounting for and verification of premiums collected.

Objective: To maintain field offices located at strategic points in the areas served for the performance of the work of the Corporation.

The Problem and Significance: The maintenance of field offices located at strategic points in the area has proven to be a very efficient means for the work required in the analyses of yields and rates and the processing of applications expeditiously; the wheat can be purchased and sold readily in the markets in the cities where branch offices are located; supervision of the wheat reserves of the Corporation can be readily maintained; likewise, the wheat reserves can be located near the area from which the premiums are collected and indemnity claims are paid; also a close contact can be maintained with the state and county offices which administer the field work of the program in the several counties.

Plan and Progress of Work: The field offices control the approval of bases for crop insurance yield and premium rates in the individual counties which they serve, purchase, store and sell wheat reserves, and account for all insurance transactions.

The Corporation operates with five field offices covering the following areas:

Chicago, Illinois Office	Kansas City, Missouri Office
Illinois	Arkansas
Indiana	Colorado
Iowa	Kansas
Kentucky	Missouri
Michigan	Nebraska
Ohio	New Mexico
Tennessee	Oklahoma
	Texas

Minneapolis, Minnesota Office
- Minnesota
- Montana
- North Dakota
- South Dakota
- Wisconsin
- Wyoming

Spokane, Washington Office
- Arizona
- California
- Idaho
- Nevada
- Oregon
- Utah
- Washington

Washington, District of Columbia Office

*Alabama	*New Hampshire
*Connecticut	New Jersey
Delaware	New York
*Florida	North Carolina
*Georgia	Pennsylvania
*Louisiana	*Rhode Island
*Maine	*South Carolina
Maryland	*Vermont
*Massachusetts	Virginia
*Mississippi	West Virginia

Grain Control Office (directs the purchase, sale, and storage of wheat by the branch offices)

*No applications received.

Project 2. Storage costs and other direct expenses incident to the acquisition, maintenance, and sale of wheat (except transportation).

Project 3. Agricultural Adjustment Administration and State and County Agricultural Conservation Committees: Collection of premiums and adjustment of loss claims, collection of data for use in establishing crop insurance yield and premium rates, taking and recommending for approval applications for crop insurance.

The work under Projects 2 and 3 is described in full under "Increases", above.

Project 4. Research and development in connection with establishment of bases for crop insurance.

Objective: To conduct research for study of the yields and rates used in writing crop insurance.

The Problem: Research and development for keeping current yields and rates on a loss cost basis equitable to the producer.

Experience obtained in the first year's operations shows that it is currently necessary to make a detailed study of the yield and rate structure for each county in which the program is offered, giving special attention to those counties in which conditions affecting wheat production appear to be changing. This work also involves constant study of the experience of the Corporation in the collection of premiums and payment of

indemnities so that these two factors may at all times be held in proper relationship.

Significance: To comply with the Act, adequate premiums and yields should be prescribed to the end that the premiums fixed for farms in the same area, which are subject to the same conditions, may be fair and just and that over a period of years, premium collections will equal indemnity payments.

In certain areas, indemnity payments made thus far indicate that if similar experience is noted in the future, indemnities may exceed the premiums collected under the present actuarial basis. Thus, to currently maintain the Corporation in a safe actuarial position, it is essential that constant study be given to the rates being charged for insurance and their relationship to the loss experience of the area served.

In other instances, very few and small indemnities have been paid in relation to the premium collections. This is to be expected since generally in low risk areas, losses do not appear with regular frequency or in large amounts; however, it is important that the rates charged be proper, for if these farmers are overcharged, they will become disinterested, and participation in such areas will decrease.

Plan and Progress of Work: Research and operation studies are conducted by the Corporation through its Actuarial and Analysis Division to develop and maintain sound actuarial bases upon which to establish equitable yields and premium rates for individual farms as well as to determine annual county check yields and rates. Yields and rates are adjusted annually, not only by the inclusion of current yield data, but as a result of studies of changing physical factors or practices that may affect the yield and rate structure; analyses of the production data on applications for insurance classified by states and counties in relation to available actuarial data for counties and farms; analyses of the loss experience of the Corporation as compared to loss expectancy; and analyses of operational reports to determine the affect of selection of risks and other administrative factors on loss experience.

Actuarial tables are issued annually, containing county check yields and premium rates brought up to date by incorporating the influence of the latest data on wheat production. The actuarial tables on yields and rates have been developed over a period of several years from data collected by the Agricultural Adjustment Administration, correlated with yield data furnished by the Division of Agricultural Statistics (formerly Division of Crop and Live Stock Estimates).

It is now essential that careful studies be made of the 1939, 1940, and subsequent yields and premium rates in connection with the indemnity payments made each year and the production data which have been accumulated in order to raise or lower yields in accordance with available factual information, and, if necessary, to increase or decrease the rates in line with loss experience in its relation to yields insured, which have been accumulated in order to bring yields either up or down in accordance with available facts and to either increase or decrease the rates in the line of loss experience in relation to yields insured.

Project 5. General administration, program planning and direction, and business service.

Objective: To administer, plan, and direct the operation of the wheat crop insurance program.

The Problem: Experience obtained thus far from the operation of the program shows that an efficient plan of operation must be maintained and directed from one central point.

Significance: An efficient plan of operation produces greater economy, more uniform operation, and greater fairness and equity to the producers participating in the program.

Plan and Progress of Work: In order to obtain these objectives, the following functional divisions are maintained in Washington, D. C. under this project:

Office of the Manager: Exercises general administrative and executive direction over all work of the Corporation, including Departmental and field activities.

Program Division: Assists in planning the operation of the program, and devising the general program policy of the Corporation. Prepares general procedures for field offices of cooperating agencies, for divisions and sections of the Corporation, and prepares detailed audit procedures for branch offices. Plans and executes an informational program to inform the farmers and general public regarding the purposes and methods of operation of the crop insurance program.

Survey and Review Division: Conducts periodical surveys of records and operations within branch offices and the Washington Office to determine accuracy of records, sufficiency of controls, and adequacy of Departmental and Corporation procedures.

Fiscal Division: Responsible for all accounting work of the Corporation, including administrative accounts and records of all insurance and commodity transactions. Responsible for safe custody of all money and securities. Performs necessary treasury functions of the Corporation. Prepares and executes the administrative budget of the Corporation. Audits all documents relating to charges made against the Corporation. Certifies vouchers and payrolls for payment.

Administrative Division: Responsible for personnel management within the Corporation. Recruits personnel, classifies positions, conducts necessary employee training activities, administers leave regulations. Procures necessary supplies and equipment, maintains property records, and negotiates service contracts.

Commodity and Traffic Division: Studies problems relating to purchase and sale of grain reserves in the Corporation; currently reviews

transactions relating to purchase and sale of grain in the branch offices. Studies problems relating to the movement of commodity reserve of the Corporation; maintains tariff and master freight rate schedule files; reviews transactions of branch offices involving movement of commodity reserves.

Under this project transfers are made as shown in the Budget, to the Office of the Secretary, Office of the Solicitor, Office of Information, and to the Division of Disbursements, United States Treasury, to cover additional administrative and service work arising out of the crop insurance program.

FARM TENANT ACT

Three items are grouped under this head in the Agricultural Appropriation Act: (1) "Farm Tenancy" (Title I of the Bankhead-Jones Farm Tenant Act of July 22, 1937 (7 U.S.C. 1000-1006)); (2) "Liquidation and Management of Resettlement Projects" (Title IV of the Farm Tenant Act); and (3) "Land Utilization and Retirement of Submarginal Land (Title III of the Act).

Responsibility for carrying out the purposes of Title I (tenancy loans) and Title IV (liquidation and management of resettlement projects) has been assigned to the Farm Security Administration.

Responsibility for activities dealing with the acquisition, improvement, protection and administrative phases of the land utilization program (Title III) has been assigned to the Soil Conservation Service.

FARM TENANCY--TITLE I

Expenses:

Appropriation Act, 1941 (direct appropriation)..	$2,500,000	
Transferred 1941, to Post Office Department	- 38	
Transferred in 1942 estimates to Bureau of Agricultural Economics	- 50,000	
Net available, 1941	2,449,962	(a)
Budget estimate, 1942	2,449,962	(b)

(a) In addition, $168,514, the unobligated balance of the appropriation for 1940, was reappropriated for 1941.

(b) In addition, the unexpended balance, if any, of the 1941 appropriation for "Administrative expenses" to be reappropriated for 1942.

Loans:

Authorized borrowings from R.F.C., 1941	$50,000,000
Estimate for authorized borrowings from R.F.C., 1942	50,000,000

PROJECT STATEMENT

	1940 (actual)	1941 (estimated)	1942 (estimated)	Increase or decrease
1. Farm tenancy loans.....	$36,979,969	$50,000,000	$50,000,000	--
2. Technical services, including county committees.....	1,039,459	1,425,540	1,577,640	+$152,100 (1
3. Administration	819,999	1,192,936	872,322	-320,614 (2
Total obligations	38,839,427	52,618,476	52,449,962	-168,514
Unobligated balance of 1939 reappropriated 1940	-1,258,642	--	--	
Unobligated balance of 1940 not reappropriated.....	+2,215,741	--	--	
Unobligated balance of 1940 reappropriated 1941.....	+ 168,514	-168,514	--	
Total	39,965,040	52,449,962	52,449,962	

INCREASES OR DECREASES

While there is an apparent decrease of $168,514 in funds available under this item for 1942, since the unobligated balance of the appropriation for the fiscal year 1940 ($168,514) was reappropriated in 1941 there is no actual reduction below the 1941 appropriation. Rather there is an adjustment of funds between projects as follows:

(1) An increase of $152,100 for "Technical services, including county committees" to provide for additional county committees and for other technical services for the increased number of counties into which the program will be extended; and to provide architectural, engineering, and other technical services for the increased equivalent number of loans in process and to be made during the fiscal year 1942.

The Bankhead-Jones Farm Tenant Act provides that the Secretary shall appoint a committee of three farmers in each county in which the program is carried on. In order to comply with this requirement during the fiscal year 1942, it will be necessary for the Secretary to appoint committees in an additional 250 counties into which it is contemplated that the program will be extended during the year.

Architectural and engineering services are provided to each borrower to assist him and the county committee with the appraisal, architectural, construction, and development problems and technicalities in connection with tenant purchase loans. As set forth in some detail under "Work Under This Appropriation," tenant purchase engineers who are employed to render this service are required, during a period of about three years, to make an average of five visits to each farm which is approved for purchase. The visits required to be made in the years subsequent to that in which the loan is approved create a work load carry-over which has a direct bearing upon the requirements for personnel to render this assistance during subsequent years. During the past three years, the number of loans made during each fiscal year under this appropriation has increased from 4,233 during the fiscal year 1939 to 6,172 during the fiscal year 1940 and an estimated number of 9,045 for the fiscal year 1941. It is estimated that during the fiscal year 1942, 9,045 additional loans will be approved. By the formula set forth under "Work Under This Appropriation," engineering services will be required for an equivalent of 8,470 cases during the fiscal year 1942, as compared with 6,916 during the fiscal year 1941. On the basis of one engineer being required for each 60 equivalent full-time cases, an increase of 26 engineers will be required in order to provide the necessary technical engineering services in respect to the additional increased volume.

(2) The estimate provides for a decrease of $320,614 for administration.

The reduction is accounted for by the decrease of $168,514 in the estimated amount to be reappropriated during the fiscal years 1941 and 1942, and by transfer of $152,100 from this project to "Technical services, including county committees." It is contemplated, as authorized by the provisions of section 41 of the Bankhead-Jones Farm Tenant Act, that during the fiscal year 1942 the part-time services of such additional personnel as will be required for the administering of this program, over and above that which is to be financed from this appropriation, will be provided by bureaus and offices within the Department of Agriculture without cost to this appropriation.

The amount estimated for this project will provide for personal services, travel, and other expenses of personnel engaged exclusively in administering the farm tenancy program in Washington and in the field; the equitable portion of administrative services rendered by bureaus and offices of the Department in Washington; and for such other part-time personnel in the field as the amount of the appropriation will permit.

CHANGE IN LANGUAGE

The first change in the language of this item included in the estimates deletes the word "administrative." Inasmuch as the appropriation is not only for the administration of the program, but also for the salaries and expenses of state and county committees, and other technical services, it is believed that deletion of the word "administrative" would make the language more descriptive of the work involved.

The second change provides for the reappropriation to the fiscal year 1942 of the unexpended balances of the funds available for administrative expenses during the fiscal year 1941; and makes the 1942 appropriation available for liquidation of obligations incurred during the fiscal year 1941 and remaining unpaid on June 30, 1941. It is understood that this change is for the purpose of simplifying the bookkeeping of the United States Treasury Department.

WORK UNDER THIS APPROPRIATION

GENERAL. For at least a decade it has been widely recognized that the American farmer had had no "Prosperous Twenties" -- that ever since the uncontrolled war boom of 1914-1918, the prices of agricultural products had been on the downgrade. Not until 1935, however, was there general recognition that increasing rural poverty had led to an appalling degree of insecurity. The fact that vast numbers of farmers had lost their foothold on the land was brought into clear relief by the 1935 Census of Agriculture.

These figures showed that there had been a continuous and rapid increase in the number of farmers who did not own their own land. In 1880, only 25 percent of all farmers were tenants. Fifty years later, this figure had risen to 42 percent. Between 1930 and 1935, the number of tenants increased at the rate of more than 40,000 a year. This increase in tenancy by periods from 1880 to 1935 is shown by states, on a percentage basis, in Table No. 1 below. Instead of moving up from tenancy to ownership, farmers were falling back from ownership into tenancy -- and, even worse, from tenancy into the ranks of day laborers and hired hands. Not only were great numbers of tenants losing out and becoming wage workers, but those farmers who were able to find places as tenants were alarmingly unstable. The 1935 Census showed that one out of every three tenant families was moving to another farm each year.

The statistics brought together in 1935 further indicated that three-quarters of the tenant farmers were renting their farms and operating them with livestock and equipment which they owned themselves. Of these, less than one-fourth paid cash rent, while more than three-fourths were share tenants paying, traditionally, a third of the feed crops and a fourth of the cash crops for the use of the land. The remaining 25 percent of all tenant farmers were sharecroppers who owned no land, seldom owned livestock or equipment, and received only half of the crops they raised. According to the Agricultural Census of 1935, of the 6,312,350

farms in the United States, 2,865,155 were operated by tenants. In addition, there were 1,645,602 hired laborers working on farms. Thus, in addition to the fact that 42.1 percent of the farms were tenant-operated, the number of tenants and hired laborers was in excess of the number of farms being operated by tenants or available for operation by tenants. A distribution by states of the number of farms and the status of their operators, as well as the number of hired laborers working on farms and the related percentages, is shown in Table No. 2 below. Statistics from the 1935 Agricultural Census showing, by states, the number, total and average acreage, and average value of all farms and of farms of 30 acres or more is contained in Table No. 3 below.

About three-quarters of a million farms were transferred through foreclosure and bankruptcy sales during the five years from 1930 through 1934. Many of these passed into the hands of banks, insurance companies, mortgage companies, and similar credit agencies, and often the former owners stayed on the land as tenants. Many thousands of others were forced to move; and when they could find no other farm on which to settle, they joined the army of migrant families searching for work as day laborers on large mechanized farms.

The President's Committee. In November 1936, the President appointed a special committee to study the problem of farm tenancy, and to make recommendations for a long-term program of action. The President described the task of the committee in his letter to the Secretary of Agriculture, requesting him to act as chairman:

> "I am anxious that we thoroughly examine and report on the most promising ways of developing a land tenure system which will bring an increased measure of security, opportunity and well-being to the great group of present and prospective farm tenants. The rapid increase of tenant farmers during the past half century is significant evidence that we have fallen far short of achieving the traditional ideal of owner-operated farms. The growing insecurity of many classes of farm tenants, frequently associated with soil depletion and declining living standards, presents a challenge to national action which I hope we can meet in a thoroughly constructive manner."

The President's Committee on Farm Tenancy published its report in February 1937. Shortly afterwards, Congress passed the Bankhead-Jones Farm Tenant Act; and in September, the Farm Security Administration was set up in the Department of Agriculture to administer, along with other programs, the aid-to-tenants provisions of the Bankhead-Jones law.

Project 1. Farm Tenancy Loans:

Objective: To promote more secure occupancy of farms and farm homes; to correct the economic instability resulting from some present forms of farm tenancy; to promote stability of the farm population and con-

servation of agricultural resources by enabling a limited number of farm tenants in the United States and in the Territories of Alaska, Hawaii, and Puerto Rico to become farm owners; and to mitigate the economic instability resulting from insecure land tenure and a consequent mining of farm land for immediate returns. The immediate objective is to make loans, pursuant to the provisions of title I of the Bankhead-Jones Farm Tenant Act, to American citizens in the States of the United States and in the Territories of Alaska, Hawaii, and Puerto Rico, who are farm tenants, farm laborers, sharecroppers, or other individuals who obtain or recently obtained the major portion of their income from farming operations to acquire efficient economic family-size farms; to raise the standard of living among tenant farmers, and to increase their security of tenure. The ultimate objective is to retard the increase of farm tenancy, and to correct the economic instability and other evils resulting from farm tenancy.

The Problem and Its Significance: In its report, the President's Committee on Farm Tenancy called public attention to a number of significant facts about farm tenancy in the United States:

Low Farm Income. For most of the past fifty years, the income of farmers has been out of balance with that of other major groups in our national economy. The farm population is about one-fourth of the total population; but farm income is only one-tenth of the national income.

Farm income, in turn, is distributed in a way that tends to squeeze out the small farmer. In 1930, about 90 percent of the marketed farm products came from the land of 50 percent of the farmers. The other 50 percent of the farmers were getting only one-tenth of the total cash income from agriculture. At the present time, it is probable that nine-tenths of the farm market is supplied by even less than 50 percent of the nation's farms.

Census figures for 1929 showed that nearly 400,000 farm families in the United States produced less than $250 worth of goods a year, including the value of all the food raised for home use. About 1,700,000, or 27 percent of the nation's farmers, produced an average of less than $600 each.

Credit. Loan terms have often made it difficult for tenants without much money of their own to buy farms capable of producing a decent living. High interest rates and short periods of repayment have handicapped tenants who tried to buy land with borrowed money, because the annual payments often amounted to more than the income from the farm.

Land Speculation. Unsound credit financing, coupled with overvaluation of farm lands, have played havoc with farm ownership. Land prices often have been speculative prices, not prices based on earning power. Consequently, in hard times thousands of farmers, whose land was mortgaged for more than it was worth, fell behind in their payments and lost their property.

Mechanization also threatens the security of small farmers. Large-scale industrialized farms use expensive, efficient machinery, such as tractors, mechanical potato diggers and harvesting combines. The small farmer, who tries to raise cash crops for the commercial market with a mule and one-row cultivator, cannot compete on even terms with these big, mechanized "food factories."

In 1930, there were about 900,000 tractors on farms. By 1938 the number had jumped to 1,527,989. Use of tractors increased 24 percent in the United States from 1930 to 1937.

No figures are available for the nation as a whole to show how many families have been pushed off the land by the increasing use of labor-saving farm equipment, and the consolidation of small homesteads into large, commercialized farms. An indication, however, is seen in many specific instances. For example, when one plantation began to use tractors and four-row cultivators, the management reduced the number of its tenant families from 40 to 24. Another plantation in the Mississippi Delta recently bought 22 tractors and 13 four-row cultivators, and turned off 130 of its 160 sharecropper families. Such cases are numerous and widespread.

In the changing pattern of agriculture, the pre-harvest operations are being handled more and more by mechanized equipment. This calls for day laborers during peak seasons and harvesting time only, rather than for small owner-operators or tenants permanently rooted on the land.

Drought. Disasters such as droughts or floods are frequently a knock-out blow to small farmers. The droughts of 1934 and 1936 forced more than 25,000 farm families out of the Great Plains area alone during a two-year period. Most of them either tried to settle on abandoned farms elsewhere, or wandered out to the Pacific Coast to join the endless procession of migrant agricultural laborers, who seek part-time work on the big fruit and vegetable farms in that area.

Lack of City Employment. In the past, many farmers forced off the land could find jobs in cities. For the last decade, however, the cities have been crowded with their own unemployed. Industry still is not expanding fast enough to absorb them.

In earlier times, if an uprooted farmer preferred pioneering to working in a city, he could open up new land farther west. Today there is no more free land. America no longer has new frontiers to help solve her farm problems.

Population Pressure. Too many people trying to make a living out of the available farm land has resulted in the sub-division of many farms into tracts that are too small to support a family. In the South, for example, twice as many families were trying to make a living off farms in 1935 as in 1860. In that same period, the amount of land under cultivation had actually decreased, largely as the result of soil erosion which has ruined millions of acres.

Soil Erosion. Worn-out soil and run-down property are natural results of our system of tenant farming. A tenant who knows he will be on a rented farm for only one year cannot afford to build up the soil, repair buildings, and mend fences. Why should he, when some other tenant will come along next year to get most of the benefit? His only interest is to mine the land as hard as he can - to plant soil-wasting cash crops, and squeeze out every last penny of immediate, cash profits. Even when they want to farm better, most tenants cannot do it; less than a third of them stay on the same farm long enough to carry out a simple five-year crop rotation.

Consequently, our tenancy system has caused an appalling waste of the nation's most important capital asset, its soil. More than 60 percent of America's crop land - 250,000,000 acres - has been damaged by erosion, and much of it has been entirely ruined. Three billion tons of fertile top soil still are washing away every year. This means a loss of about $400,000,000 annually.

Millions of surplus rural workers, who ordinarily would have found jobs in the cities, were "dammed up" on the farms during the depression. By 1939, it was estimated that all of the nation's domestic and foreign needs could be supplied by 1,500,000 fewer farm workers than in 1929. Yet in the same period total farm population actually increased by 1,830,000.

Unsound Leasing Customs. The 1935 Census showed that only about one-fifth of all share tenants had written leases; and only about 2 percent had written leases running for more than one year.

More than 80 percent of all farm leases are nothing more than an oral agreement. Such verbal leases naturally are loosely worded, and are recorded only in the memory of the tenant and his landlord. Such slipshod, unbusinesslike arrangements often lead to disagreements, mutual distrust, and frequent shifting of tenants from one farm to another.

Costly Moving. The frequent moving of tenant farmers contributed to the impoverishment of the families, of the farms, and of society. The moves themselves are costly. It is estimated that the loss to that third of the tenants who move each year is more than $50,000,000 - and this expense falls directly on that group which can least afford to bear it.

Poor Health. A poor tenure system leads to bad health. A farmer with poor leasing arrangements is likely to neglect not only the land, but also the house in which he lives, and the barn, and the well. Disrepair, lack of screening in the house, unsanitary toilet and water facilities all contribute to ill health.

One-crop cash farming also means that the family must buy food which otherwise could be grown on the farm. The result is frequently an inadequate diet, leading to nutritional disorders such as pellegra. All of this means more expense for medical care, lowered efficiency, and less resistance to disease.

Even in 1929 about 1,500,000 tenant families were living in houses valued at less than $475; and in the South, half of all farm owners were living in homes worth less than $560. In 1934 more than 25 percent of all American farm homes lacked window screens; more than a third were unpainted; and an additional 30 percent needed repairing. More than 70 percent of our farm homes lacked a kitchen sink with a drain, and only one out of every ten had an indoor toilet.

Lack of Education and Social Life. Used to year-end moves, many tenant families take little part in the educational, religious, and social life of their communities. Children moving about from one place to another - often in the middle of the school year - do not attend classes regularly, and are not promoted from year to year as they would be under normal circumstances. As a result, their interest lags and many fail even to get through grade school. The fact that our farm population is raising 31 percent of the country's future citizens emphasizes the importance of education for this group.

The President's Committee on Farm Tenancy summed up the social dangers of an uneconomic system of tenancy in these words:

> "Sturdy rural institutions beget self-reliance and independence of judgment. Sickly rural institutions beget dependency and incapacity to bear the responsibilities of citizenship. Over wide areas the vitality of American rural life is daily being sapped by systems of land tenure that waste human and natural resources alike. Security of tenure is essential to the development of better farm homes and better rural communities."

Plan and Progress of Work: Three years ago Congress took the first step towards a solution of tenancy problems by passing the Bankhead-Jones Farm Tenant Act. Under this legislation, the Farm Security Administration, as of June 30, 1941, has made loans to 12,234 tenant families to enable them to purchase farms of their own. Congress decided that this program should be started on a cautious, experimental basis, providing appropriations of $10,000,000 for the first year, $25,000,000 for the second, and $40,000,000 for the third year. For the fourth year, ending June 30, 1941, the Congress authorized and directed that $50,000,000 be made available for such loans through advances from Reconstruction Finance Corporation funds, rather than by direct appropriation.

In accordance with provisions of section 4 of the Bankhead-Jones Farm Tenant Act, the amount which is devoted to the making of loans during any fiscal year is distributed equitably among the several States and Territories on the basis of farm population and the prevalence of tenancy. For the fiscal years 1938, 1939, and 1940, the distribution factors have been obtained from the Agricultural Census of 1935. These factors, and the percentage distribution derived therefrom, as well as the method of determining the percentage distribution for the allocation of the loan funds, is shown in Table 4 below. It is contemplated that as soon as the 1940 Agricultural Census is completed, the farm population and the percentage of tenancy factors will be revised in accordance therewith.

In order to apportion the funds available and to keep administrative costs as low as possible, loans are made only in certain designated counties. These counties are recommended by State Farm Security Advisory Committees, which base their choice on the degree of need in each locality and the availability of good land at reasonable prices. During the first year of operation only 332 counties were designated throughout the country. This number was increased to 732 the second year, 1,291 for the fiscal year 1940, and 1,633 for the present fiscal year. It is contemplated that 1,883 counties will be designated for the fiscal year 1942. The number of counties designated for each of the fiscal years, by states, is shown in Table 5 below. A list of the counties designated for the fiscal year 1941 by states, showing also the years in which each county has been designated, follows the table.

Application for such loans is made to the county supervisor. A special three-man committee chosen by the Secretary from among the farmers of the county, considers the applications and certifies eligible families to the Secretary. To be eligible, the head of the family must be an American citizen, have a good reputation among his neighbors, have demonstrated resourcefulness and farming ability, and be unable to obtain financial aid elsewhere. The family must show a reasonable stability of residence, be free from infectious disease or physical disability which might hinder farm operations, and be desirous of participating in the program. The farmer has to agree to cooperate in developing and carrying out a sound farm and home management plan, to maintain adequate accounts and records, to keep the buildings in repair, to follow good soil practices, to pay taxes and assessments on the land and property, and to pay for insurance on the farm buildings. Preference is given applicants who are married or have dependents, who can make a down payment, or who own some livestock or farm implements. The county committee, in addition to certifying the applicants, satisfies itself that the farm which the applicant wants to buy is adequate in size and facilities, and that its price is in accordance with its earning capacity. Where the farm does not have ample buildings, or contains buildings in need of repair, the loan is made to cover the cost of construction or improvement. A farm must be of sufficient size so as to constitute an efficient farm management unit and to enable a diligent farm family to carry on successful farming of a type which generally can be successfully carried on in the locality in which the farm is situated.

During the 1939-40 fiscal year, although the time specified within which applications were required to be filed was limited from four to eight weeks, 138,131 applications were received for these loans in the 1,291 counties in which the program was being operated, as compared with the 6,491 loans which could have been made with funds that were available. This means that an average of approximately 21 families applied for each prospective loan during that fiscal year. Moreover, almost 148,000 applications were received during the two previous years as compared with the 6,368 loans which could be made from funds which were available. The number of loan applications received and the number of loans for which funds were available are shown by states in Table 6 below.

Every one of these loans is secured by a first mortgage on real estate, conservatively valued both by Government appraisers and by a county committee of three farmers who are thoroughly familiar with conditions in their locality. The loans are repayable over a 40-year period at 3 percent interest. This means that in a great majority of cases the annual installments, plus taxes and insurance, amount to less than was formerly paid in rent for the same farm.

During the first year, loans averaging $5,036 each were made to 1,829 tenant families. During the second year, 4,233 loans were made at an average of $5,622, and the third year, ending June 30, 1940, 6,172 loans were made averaging $5,992. Thus, 12,234 tenant families received loans totaling $69,988,023.27 for the purchase of their own farms during the first three years of the program. The number of borrowers, amount of loans approved, and the average amount of each loan is shown by states for each of the fiscal years 1938, 1939, and 1940, and cumulative from the inception of the program through June 30, 1940, in Table 7 below.

A further distribution by states of the number of loans approved through June 30, 1940, by size of loan and by acreage groups is shown in Tables 8 and 9 below, respectively.

How the Loans are Used: The 12,234 borrowers, during the first two years, obtained farms averaging 136.6 acres. The average size ranged from 24.5 acres in Rhode Island, where small farms are profitable, to 533.4 acres in South Dakota, where cattle raising prevails. Often borrowers find it cheaper to buy unimproved land and put up the necessary buildings, than to get fully equipped ready-to-operate farms. During the first three years, about 20 percent, or $1,379 of the average loan, went for improvements to land or buildings. Most of the prospective owners found farms with buildings that could be repaired. Those that needed to build new homes did so by using simple plans and construction methods worked out by Farm Security engineers, and were able to get them for an average cost of $1,313, including profits for contractors and suppliers of materials. Nearly all borrowers found some construction or repair work necessary on the outbuildings and barns. More than two-thirds of the new owners also made improvements to their land, such as terracing to prevent soil erosion. The purposes for which the money loaned through June 30, 1940 was expended, including an amount of $244,077.75 borne by borrowers, is shown by states in Table 10 below.

Experience gained in establishing and administering the program under previous appropriations has effectively demonstrated its acceptability and practicability as a means of facilitating ownership of family-size farms by tenants, sharecroppers, and farm laborers. Begun cautiously within the limits of the first appropriation, and developed carefully under subsequent appropriations, the tenancy program is in an excellent position for normal expansion. The program for the fiscal year 1941, for which $50,000,000 has been made available for loans, will permit the making of loans to approximately 9.045 tenant families in 1,633 counties. A distribution of these loans by states is shown in Table 11 below.

In accordance with the provisions of the Department of Agriculture Appropriation Act, 1941, the funds available for loans may not be used for making loans for the purchase of farms of greater value than the average farm unit of 30 acres and more in the county, parish, or locality in which such purchase may be made, which value shall be determined solely according to statistics of the farm census of 1940, after such statistics become available, but prior to that time, may be determined in accordance with such regulations as may be promulgated by the Secretary of Agriculture. The determinations which have been made as to the value limitations are shown by states and by counties, etc., in Table 12. These values will be used pending issuance of statistics of the 1940 farm census.

There is continued obvious and urgent need for remedying the social and economic maladjustments basically inherent in farm tenancy. The estimate of $50,000,000 for farm tenancy loans for the fiscal year 1942 will permit the continuation of approximately the same sized program as will be carried on during the fiscal year 1941, and will permit the making of loans to approximately 9,045 borrowers at an average loan of $5,528. The estimated allocation of the estimate for loan funds is shown by states in Table 11 below. The funds for this purpose would be obtained, as for the fiscal year 1941, through a loan from the Reconstruction Finance Corporation to the Secretary of Agriculture. The loan from the Reconstruction Finance Corporation would be secured by a promissory note and trust agreement similar to those in use during this fiscal year.

Although no increase in loan funds is being requested, it is planned to extend the program for 1942 to approximately 250 additional counties; thus making the program operating in approximately 1,883 counties. A distribution of the proposed number of counties by states is contained in Table 5 below.

The evils of our tenancy system have been growing for more than a century; and it will take many years to cure them. A sound start has been made, however, and there is every prospect that eventually most of America's tenants either may become landowners, or will reach an improved system of tenure, with greater security based on long-term written leases.

Collections

Of the 12,234 loans, totaling $69,988,023, as of June 30, 1940, 3,763 of these loans, totaling $20,929,825, have had some portion thereof become due. The principal amount which has become due totaled $434,313, of which $422,022 has been collected. Interest which has accrued and become due totaled $564,183, of which $553,028 has been collected. A total of $975,050, or 97.7 percent, of the maturities, totaling $998,496, has been collected. In addition to this amount, $104,101 has been collected as extra payments, i.e., payments over and above that which has matured. There were 276 delinquent loans, with a total delinquency of $23,446, or an average of approximately $85 each. It is expected that a great majority of these delinquencies

will be paid up by the end of this fiscal year. It is estimated that not less than 98 percent of the principal amount of all loans made under this program will be collected, as well as interest at the rate of 3 percent per annum. An analysis of the collections and maturities, as of June 30, 1940, is shown by states in Table 13 below.

Project 2. Technical Services, Including County Committees:

Objective: To comply with the requirements of section 42 of the Bankhead-Jones Farm Tenant Act in appointing county committees; and to provide essential technical services incident to the acquisition and improvement of farms purchased by borrowers.

Plan and Progress of Work: State Farm Security Advisory Committees have been established in each state and territory wherein the farm tenancy program is being operated. The advisory committees are composed of nine farm leaders in each state, usually including the Director of the Extension Service, editors of farm magazines, members of major farm organizations, and representatives of agricultural colleges. It is the responsibility of this committee to determine and recommend to the Secretary of Agriculture the counties to which, in their opinion, the program should be extended, these recommendations being based upon the need in each locality and the availability of good land at reasonable prices. Based upon these recommendations, the Secretary designates the counties in which the program is to operate. The members of the state committee are allowed compensation at the rate of $10 per day of attendance at meetings and necessary traveling and subsistence expenses. Generally, the state committees meet about four times a year for a total of about six days.

In accordance with section 42 of the Bankhead-Jones Farm Tenant Act, the Secretary has appointed in each county in which the program operates a county committee composed of three farmers residing therein. Each member of the committee is allowed compensation at the rate of $3 per day while engaged in the performance of duties in connection with this program. In addition, the committee members are allowed such amounts as are necessary for traveling and subsistence expenses. The Act provides compensation shall not be allowed for more than five days a month. On the average, the committees will meet three or four days a month during the earlier part of each fiscal year, at which time they are considering applications, and will meet less often during the latter part of the fiscal year. During the past three years, the committees have averaged approximately 20 days per year. It is the responsibility of the county committee to examine the application of any person desiring to finance the acquisition of a farm in the county by means of a loan under this program, each application being filed with the Rural Rehabilitation County Supervisor. The committee must also examine and appraise farms in the county with respect to which an application for a loan is made. If the committee finds that an applicant is eligible to receive the benefits of this program, that by reason of his character, ability, and experience he is likely to successfully carry out undertakings required of him, and that the farm with respect to which the application is made is of such character that there is a

reasonable likelihood that the making of a loan will carry out the purposes of this Title, it is required to certify these facts to the Secretary or his designee. The committee is also required to certify the amount which it finds is a reasonable value of the farm. County committees have been established in 1,633 counties wherein the program will be operating during the fiscal year 1941. During the fiscal year 1942, it is contemplated that county committees will be established in 250 additional counties, thus making a total of 1,883 county committees.

In addition to the services of the county committee, the applicant and prospective borrower is provided with additional technical advice and service through qualified appraisers and engineers. The appraisers, thoroughly qualified and experienced in appraising farm land and buildings, assist and advise the county committee and the applicant with the more technical and exacting problems which constantly confront them. Through the use of these appraisers, an actual and careful appraisal is made of the farm being considered.

Through minute surveys and inspections of the property, tenant purchase engineers assist in selecting the farm, and determine the cost of making necessary repairs and improvements. These engineers prepare the necessary plans for repairing or constructing the farm buildings, dwellings, etc.; supervise the construction or repair work; negotiate contracts with private contractors; prepare plat maps; and perform other technical engineering functions essential to insure that the borrower is receiving the maximum value for the money which he is required to invest in the farm and improvements, that the farm is ample security for the Government's loan, and that the improvements made thereon are constructed so as to provide the required facilities which will last for a normal life expectancy.

An average of approximately one and one-half farms are appraised and inspected for each farm which is finally selected. Between the time a farm is selected and completion of all the work thereon, such as the construction or repair of buildings, construction of fences, etc., an engineer is required to make a total of approximately five visits. In the case of an average farm, these five visits are spread over a period of about three years -- two in the year in which the loan is approved, two in the following year, and one for final inspection in the third year. On an average, a tenant purchase engineer may carry out all the engineering requirements and responsibilities with respect to approximately 60 equivalent full-loan cases.

The volume of work which it is estimated will require engineering services during the fiscal year 1942, is based upon two visits for each of the 9,045 loans which it is estimated will be made during the fiscal year 1942, two visits for each of the 9,045 loans which it is estimated will be made during the fiscal year 1941, and one visit for each of the 6,172 loans which were made during the fiscal year 1940. The total number of visits divided by five will give an equivalent of 8,470 cases requiring engineering services. This, of course, does not include the

excess number of farms which are surveyed and inspected but not approved. On the basis of 60 cases per engineer, this number of cases will require a minimum of 140 engineers. The salaries of these engineers range from $2,000 to $3,200, depending upon the area in which the work is to be done and the volume of the work. Travel for the engineers is estimated at an average of approximately $2,000 each per year. Since the relatively small number of cases are widely scattered, considerable travel is required if an engineer is to cover the distance in order to make a minimum of three hundred visits to individual units during any fiscal year. As the number of loans increases, thereby increasing the density of the loan cases, it is expected that the average travel requirements may be comewhat lessened, and that the number of cases per engineer somewhat increased. This, however, will all depend on the size of the future programs.

After the local FSA supervisor and the county committee help the new owner find an adequate farm at a reasonable price, they do all they can to assist him in getting his farm operations under way. Trained supervisors advise the new owners on proper crop rotation, care of livestock, and the many other factors involved in sound farm management.

The farmer agrees ahead of time to a basic plan for operating the farm, which stresses home production of food and livestock feed, diversified cash crops, and conservation of the soil. As he puts the plan into operation, he can call on the FSA supervisor for technical help at any time.

Project 3. Administrative Expenses:

Objective: To administer the farm tenancy loan program as provided for under title I of the Bankhead-Jones Farm Tenant Act.

Plan and Progress of Work: Under the provisions of title I of the Bankhead-Jones Farm Tenant Act, the Secretary has the responsibility not only for making properly secured loans, but also for their subsequent supervision to insure sound farming practices and collection of repayments. To discharge these responsibilities it is necessary to maintain an organization or to call upon the facilities of other organizations or appropriations to investigate applications, approve loans, negotiate contracts, examine vouchers, keep accounts, pass on abstracts of titles, prepare mortgages and other legal documents, provide legal assistance, recruit and train personnel, advise on farm and home management planning, promote and supervise proper farming practices, and provide collection services. The personnel required for this purpose are distributed throughout the 48 states, the District of Columbia, and the Territories of Hawaii and Puerto Rico.

General administrative services, in addition to the work of farm and home management supervision and loan collections, must be provided for all loans made from past appropriations, as well as for all new loans, thereby creating an increasing burden of necessary administrative work incommensurate with the number of new loans made each fiscal year. As provided for under section 41 of the Bankhead-Jones Farm Tenant Act, the

Secretary utilizes the officers, employees and equipment of other bureaus and agencies of the Federal Government, more specifically that of the Farm Security Administration, in assisting him to carry out the provisions of title I of the Bankhead-Jones Farm Tenant Act. During the 1941 fiscal year the sum available for these purposes will provide for only a limited number of personnel for administrative services. Those services which are employed solely for the tenant purchase program and work exclusively on that program are entirely financed from the administrative expense appropriation. After this personnel and their incidental expenses have been provided for, additional personnel performing work in connection with the tenant purchase program but not exclusive thereto are financed from this appropriation to such extent as the funds will permit. The amount heretofore appropriated for administrative expenses has not been sufficient to entirely finance the salaries and expenses of all personnel engaged both full or part-time in connection with this program. Additional personnel required for administering this program, over and above that which is to be financed from this appropriation, has been and is expected to be supplied during the fiscal year 1942 by other bureaus, more specifically by the Office of the Solicitor and the Farm Security Administration.

The total of the salaries and expenses included in the estimate for 1942 covering administrative expenses, together with technical services and committees, described under Project 2, will, except for the amount reappropriated from 1940 to 1941, be the same as the amount appropriated for 1941, and the total thereof will not exceed 5 percent of the total amount estimated for loans.

Counties Designated for Farm Tenancy Loans, Fiscal Year 1941

Years for which county was designated
indicated by figure within parentheses:
1941(1): 1940-1941(2); 1939-1940-1941(3);
1938-1939-1940-1941(4)

ALABAMA (58 counties designated): Autauga (3), Barbour (4), Blount (4), Bullock (3), Butler (4), Calhoun (3), Chambers (3), Cherokee (3), Chilton (4), Choctaw (3), Clarke (3), Clay (3), Cleburne (3), Colbert (3), Conecuh (4), Covington (3), Crenshaw (3), Cullman (3), Dale (3), Dallas (4), De Kalb (4), Elmore (4), Escambia (3), Etowah (3), Fayette (3), Franklin (3), Geneva (4), Greene (4), Hale (4), Henry (3), Houston (3), Jackson (1), Lamar (3), Lauderdale (3), Lawrence (4), Lee (4), Limestone (3), Lowndes (3), Macon (3), Madison (4), Marengo (4), Marion (4), Marshall (3), Monroe (4), Montgomery (4), Morgan (4), Perry (3), Pickens (4), Pike (4), Randolph (3), Russell (3), Shelby (3), Sumter (3), Talladega (4), Tallapoosa (4), Tuscaloosa (3), Walker (4), Wilcox (4).

ARIZONA (2 counties designated): Maricopa (4), Yuma (2).

ARKANSAS (71 counties designated): Arkansas (3), Ashley (4), Baxter (3), Benton (3), Boone (4), Bradley (3), Calhoun (3), Carroll (4), Chicot (2), Clark (3), Clay (3), Cleburne (2), Cleveland (4), Conway (3), Craighead (3), Crawford (2), Crittenden (4), Cross (4), Dallas (2), Desha (3), Drew (3), Faulkner (4), Franklin (3), Fulton (2), Grant (3), Greene (3), Hemstead (4), Hot Spring (4), Howard (4), Independence (3), Izard (3), Jackson (4), Jefferson (2), Johnson (2), Lafayette (4), Lawrence (2), Lee (3), Lincoln (3), Little River (4), Logan (3), Lonoke (2), Madison (2), Marion (4), Miller (4), Mississippi (4), Monroe (3), Nevada (3), Newton (1), Ouachita (3), Perry (2), Phillips (2), Pike (3), Poinsett (2), Polk (2), Pope (4), Prairie (2), Pulaski (4), Randolph (4), St. Francis (3), Saline (2), Scott (3), Searcy (2), Sebastian (2), Sevier (3), Sharp (2), Stone (2), Van Buren (2), Washington (3), White (4), Woodruff (4), Yell (3).

CALIFORNIA (10 counties designated): Butte (2), Imperial (1), Kern (1), Merced (3), Sacramento (2), San Bernardino (4), San Joaquin (4), Stanislaus (2), Tehama (1), Tulare (3).

COLORADO (15 counties designated): Adams (1), Bent (4), Crowley (1), Elbert (2), Kit Carson (1), La Plata (3), Larimer (2), Logan (4), Mesa (4), Otero (1), Prowers (3), Rio Grande (2), Routt (1), Sedgwick (2), Weld (1).

CONNECTICUT (4 counties designated): Hartford (2), Litchfield (2), Tolland (2), Windham (4).

DELAWARE (3 counties designated): Kent (4), New Castle (1), Sussex (3).

FLORIDA (20 counties designated): Alachua (2), Broward (2), Columbia (3), Escambia (3), Gadsden (1), Hardee (4), Hillsborough (2), Holmes (2), Jackson (4), Jefferson (1), Levy (1), Madison (2), Marion (4), Palm Beach (3), Polk (1), Santa Rosa (2), Sumter (2), Suwannee (1), Union (1), Washington (1).

GEORGIA (129 counties designated): Appling (3), Atkinson (1), Bacon (3), Baker (3), Baldwin (4), Banks (1), Barrow (3), Bartow (4), Ben Hill (1), Berrien (4), Bleckley (1), Brooks (4), Bulloch (4), Burke (4), Butts (3), Calhoun (2), Candler (3), Carroll (3), Catoosa (1), Chattooga (4), Cherokee (4), Clarke (1), Clay (2), Cobb (4), Coffee (4), Colquitt (3), Columbia (2), Cook (4), Coweta (4), Crisp (3), Dade (1), Dawson (2), Decatur (1), Dodge (4), Dooly (4), Dougherty (1), Douglas (3), Early (3), Elbert (3), Emanuel (4), Evans (2), Fayette (3), Floyd (2), Forsyth (2),

Franklin (3), Fulton (4), Bilmer (1), Glascock (1), Gordon (4), Grady (3), Greene (4), Gwinnett (4), Habersham (1), Hall (4), Hancock (4), Haralson (2), Hart (4), Heard (2), Henry (4), Houston (3), Irwin (1), Jackson (4), Jeff Davis (1), Jefferson (3), Jenkins (4), Johnson (3), Lamar (3), Lanier (1), Laurens (3), Lee (3), Lincoln (1), Lowndes (3), Lumpkin (1), McDuffie (2), Macon (3), Madison (3), Meriwether (4), Miller (1) Mitchell (4), Monroe (1), Montgomery (2), Morgan (4), Murray (2), Newton (2), Oconee (3), Oglethorpe (3), Paulding (3), Peach (1), Pierce (1), Pike (4), Polk (3), Pulaski (2), Quitman (1), Rabun (1), Randolph (3), Rockdale (1), Schley (1), Screven (2), Seminole (2), Spalding (2), Stephens (2), Stewart (3), Sumter (4), Taliaferro (1), Tattnall (2), Taylor (3), Telfair (4), Terrell (4), Thomas (2), Tift (3), Toombs (3), Treutlen (2), Troup (3), Turner (3), Twiggs (1), Union (3), Upson (2), Walker (3), Walton (2), Ware (1), Warren (3), Washington (4), Webster (1), Wheeler (1), White (3), Whitfield (2), Wilcox (3), Wilkes (4), Worth (4).

IDAHO (9 counties designated): Bannock (2), Bingham (3), Bonneville (1), Canyon (3), Fremont (2), Gem (1), Idaho (1), Jerome (4), Latah (2).

ILLINOIS (42 counties designated): Adams (1), Christian (1), Clark (1), Clay (1), Crawford (3), Cumberland (2), Douglas (2), Edgar (1), Ford (1), Franklin (1), Fulton (4), Greene (3), Hancock (3), Henry (1), Iroquois (3), Jackson (3), Jo Daviess (1), Johnson (2), La Salle (2), Lee (4), Livingston (1), McDonough (2), McHenry (1), McLean (4), Macon (1), Macoupin (1), Mason (1), Menard (2), Mercer (2), Monroe (1), Montgomery (2), Morgan (2), Ogle (1), Peoria (2), Pike (2), St. Clair (4), Saline (4), Schuyler (1), Shelby (4), Vermillion (2), Will (2), Winnebago (2).

INDIANA (26 counties designated): Bartholomew (3), Benton (3), Carroll (1), Clark (2), Clinton (3), Daviess (2), De Kalb (2), Delaware (2), Elkhart (2), Fayette (4), Fountain (3), Gibson (4), Hancock (3), Jasper (2), Knox (1), Madison (1), Montgomery (1), Noble (1), Parke (2), Posey (3), Rush (1), Switzerland (2), Tippecanoe (2), Wayne (1), White (4), Whitley (4).

IOWA (51 counties designated): Adair (2), Audubon (1), Benton (1), Buchanan (1), Butler (1), Cass (1), Cerro Gordo (1), Chickasaw (1), Clarke (4), Clay (2), Crawford (1), Dallas (1), Davis (2), Decatur (1), Delaware (1), Dickinson (1), Emmet (4), Fayette (4), Floyd (2), Fremont (2), Greene (2), Guthrie (2), Hancock (2), Hardin (2), Harrison (4), Henry (3), Howard (3), Ida (4), Iowa (4), Jasper (2), Jefferson (2), Jones (2), Keokuk (1), Kossuth (2), Lucas (1), Marion (2), Monona (2), Monroe (1), Montgomery (1), Muscatine (2), Osceola (2), Palo Alto (1), Plymouth (3), Pocahontas (2), Sac (1), Taylor (3), Warren (1), Washington (2), Wayne (2), Winnebago (1), Wright (3).

KANSAS (30 counties designated): Allen (1), Clay (1), Coffee (1), Cowley (1), Douglas (1), Edwards (1), Finney (2), Franklin (3), Harvey (4), Hodgeman (1), Jefferson (3), Johnson (2), Labette (2), Lyon (3), Marshall (4), Meade (3), Mitchell (1), Morris (2), Nemaha (2), Neosho (4), Norton (2), Osage (1), Ottawa (4), Rice (2), Rooks (4), Saline (2), Stafford (3), Sumner (2), Thomas (2), Wallace (4).

KENTUCKY (87 counties designated): Adair (2), Allen (2), Anderson (1), Ballard (4), Barren (4), Bath (3), Boone (1), Bourbon (1), Boyd (1), Boyle (1), Bracken (2), Breckinridge (2), Bullitt (1), Caldwell (2), Calloway (4), Campbell (1), Carlisle (2), Carroll (1), Casey (2), Christian (1), Clark (2), Crittenden (2), Daviess (4), Fayette (1), Fleming (4), Franklin (2), Fulton (1), Gallatin (1), Garrard (1), Grant (2), Graves (3), Greenup (1), Hancock (1), Hardin (3), Harrison (2), Hart (2),

Henderson (2), Henry (2), Hickman (1), Hopkins (2), Jefferson (1), Jessamine (3), Johnson (4), Kenton (1), Knox (2), Larue (1), Laurel (2), Lawrence (2), Lewis (1), Lincoln (2), Livingston (1), Logan (4), Lyon (1), McCracken (1), McLean (2), Madison (4), Marion (1), Mason (2), Meade (1), Mercer (1), Monroe (2), Montgomery (1), Morgan (3), Nelson (2), Nicholas (2), Ohio (2), Oldham (1), Owen (3), Pendleton (4), Pulaski (4), Robertson (1), Scott (1), Shelby (4), Simpson (1), Spencer (1), Taylor (3), Todd (2), Trigg (1), Trimble (1), Union (3), Warren (3), Washington (2), Wayne (3), Webster (1), Whitley (2), Wolfe (2), Woodford (1).

LOUISIANA (62 parishes designated): Acadia (3), Allen (2), Ascension (3), Assumption (2), Avoyelles (4), Beauregard (2), Bienville (2), Bossier (4), Caddo (4), Calcasieu (2), Caldwell (2), Cameron (2), Catahoula (2), Claiborne (3), Concordia (2), De Soto (3), East Baton Rouge (4), East Carroll (2), East Feliciana (3), Evangeline (4), Franklin (3), Grant (3), Iberia (3), Iberville (2), Jackson (2), Jefferson (2), Jefferson Davis (4), Lafayette (4), Lafourche (2), LaSalle (2), Lincoln (4), Livingston (3), Madison (2), Morehouse (3), Natchitoches (3), Ouachita (3), Plaquemines (2), Pointe Coupee (4), Rapides (4), Red River (3), Richland (4), Sabine (2), St. Charles (2), St. Helena (2), St. James (2), St. John the Baptist (4), St. Landry (3), St. Martin (4), St. Mary (2), St. Tammany (2), Tangipahoa (3), Tensas (3), Terrebonne (2), Union (2), Vermilion (4), Vernon (2), Washington (2), Webster (2), West Baton Rouge (2), West Carroll (3), West Feliciana (4), Winn (2).

MAINE (4 counties designated): Aroostock (3), Kennebec (2), Penobscot (4), York (1).

MARYLAND (12 counties designated): Calvert (2), Caroline (2), Charles (3), Dorchester (1), Frederick (3), Howard (1), Kent (2), Queen Annes (4), St. Marys (1), Talbot (1), Washington (2), Worcester (3).

MASSACHUSETTS (4 counties designated): Essex (1), Franklin (2), Middlesex (1), Worcester (4).

MICHIGAN (17 counties designated): Alcona (2), Allegan (1), Antrim (4), Berrien (4), Cass (2), Clinton (1), Gratiot (4), Hillsdale (3), Huron (2), Isabella (2), Kent (2), Lenawee (2), Livingston (2), Osceola (3), Sanilac (1), Shiawassee (2), Tuscola (3).

MINNESOTA (27 counties designated): Big Stone (1), Chippwea (1), Clay (3), Fillmore (2), Freeborn (4), Goodhue (3), Grant (1), Kandiyohi (2), Lac qui Parle (3), Lincoln (1), Lyon (2), Martin (4), Murray (3), Norman (2), Olmstead (2), Otter Tail (4), Pipestone (2), Polk (3), Pope (2), Renville (2), Rock (1), Roseau (4), Stevens (4), Todd (3), Traverse (2), Wilkin (2), Yellow Medicine (1).

MISSISSIPPI (82 counties designated): Adams (2), Alcorn (3), Amite (3), Atala (4), Benton (3), Bolivar (3), Calhoun (3), Carroll (2), Chickasaw (2), Choctaw (3), Claiborne (3), Clarke (3), Clay (3), Coahoma (4), Copiah (3), Covington (4), De Soto (3), Forrest (4), Franklin (4), George (2), Greene (3), Grenada (4), Hancock (2), Harrison (3), Hinds (2), Holmes (4), Humphreys (4), Issaquena (2), Itawamba (4), Jackson (2), Jasper (3), Jefferson (4), Jefferson Davis (3), Jones (3), Kemper (4), Lafayette (3), Lamar (3), Lauderdale (3), Lawrence (4), Leake (3), Lee (4), Leflore (4), Lincoln (3), Lowndes (3), Madison (3), Marion (4), Marshall (4), Monroe (3), Montgomery (4), Neshoba (4), Newton (3), Noxubee (2), Oktibbeha (4), Panola (4), Pearl River (3), Perry (2), Pike (3), Pontotoc (4), Prentiss (4), Quitman (3), Rankin (4), Scott (3), Sharkey (3), Simpson (4),

Smith (4), Stone (2), Sunflower (2), Tallahatchie (3), Tate (4), Tippah (2), Tishomingo (2), Tunica (2), Union (4), Walthall (4), Warren (3), Washington (3), Wayne (2), Webster (3), Wilkinson (3), Winston (3), Yalobusha (2), Yazoo (3).

MISSOURI (58 counties designated): Adair (2), Andrew (1), Audrain (3), Barry (1), Barton (2), Bates (4), Boone (2), Butler (2), Caldwell (2), Callaway (1), Carroll (2), Cass (1), Chariton (1), Crawford (3), Dade (1), Daviess (3), De Kalb (4), Dent (1), Dunklin (2), Gentry (2), Grundy (2), Harrison (1), Henry (1), Howard (4), Howell (3), Johnson (3), Knox (2), Laclede (2), Lafayette (2), Lawrence (2), Lewis (1), Lincoln (1), Linn (3), Livingston (1), Miller (3), Mississippi (2), Monroe (3), Montgomery (2), Morgan (1), New Madrid (1), Newton (4), Nodaway (3), Pemiscot (4), Perry (1), Pettis (1), Pike (2), Polk (3), Ralls (1), Ray (1), St. Charles (4), St. Clair (2), Saline (2), Scotland (1), Scott (1), Shelby (4), Stoddard (3), Texas (4), Webster (2).

MONTANA (6 counties designated): Carbon (1), Cascade (2), Lake (1), Pondera (3), Richland (2), Stillwater (4).

NEBRASKA (24 counties designated): Brown (1), Burt (3), Cedar (4), Chase (3), Cheyenne (2), Cuming (2), Dawson (4), Dixon (1), Fillmore (1), Gage (4), Greeley (3), Harlan (3), Howard (1), Knox (1), Lincoln (1), Morrill (4), Nuckolls (2), Polk (4), Redwillow (1), Saunders (2), Seward (1), Sheridan (2), Washington (2), Wayne (2).

NEVADA (2 counties designated): Churchill (1), Lyon (4).

NEW HAMPSHIRE (3 counties designated): Grafton (2), Merrimack (1), Rockingham (4).

NEW JERSEY (7 counties designated): Burlington (4), Camden (1), Cumberland (1), Hunterdon (4), Middlesex (4), Salem (4), Sussex (3).

NEW MEXICO (5 counties designated): Chaves (2), Colfax (1), Eddy (3), Roosevelt (4), San Miguel (1).

NEW YORK (15 counties designated): Cattaraugus (3), Cayuga (1), Chenango (3), Clinton (1), Erie (1), Jefferson (4), Madison (1), Onondaga (2), Ontario (1), Orange (2), Orleans (2), St. Lawrence (3), Seneca (4), Steuben (2), Washington (3).

NORTH CAROLINA (100 counties designated): Alamance (2), Alexander (3), Alleghany (2), Anson (3), Ashe (2), Avery (2), Beaufort (2), Bertie (3), Bladen (2), Brunswick (2), Buncombe (2), Burke (2), Cabarrus (3), Caldwell (2), Camden (2), Carteret (2), Caswell (4), Catawba (2), Chatham (4), Cherokee (3), Chowan (2), Clay (2), Cleveland (4), Columbus (3), Craven (3), Cumberland (2), Currituck (3), Dare (2), Davidson (2), Davie (2), Duplin (3), Durham (3), Edgecombe (4), Forsyth (2), Franklin (4), Gaston (2), Gates (3), Graham (2), Granville (3), Greene (3), Guilford (4), Halifax (2), Harnett (2), Haywood (3), Henderson (4), Hertford (4), Hoke (3), Hyde (2), Iredell (4), Jackson (3), Johnston (2), Jones (3), Lee (3), Lenoir (3), Lincoln (2), McDowell (2), Macon (3), Madison (4), Martin (3), Mecklenburg (3), Mitchell (2), Montgomery (2), Moore (2), Nash (3), New Hanover (2), Northampton (3), Onslow (4), Orange (4), Pamlico (2), Pasquotank (2), Pender (2), Perquimans (2), Person (3), Pitt (2), Polk (3), Randolph (2), Richmond (4), Robeson (4), Rockingham (3), Rowan (2), Rutherford (3), Sampson (2), Scotland (2), Stanly (2), Stokes (3), Surry (2), Swain (2), Transylvania (2), Tyrrell (2), Union (4), Vance (3), Wake (3), Warren (3), Washington (4), Watauga (2), Wayne (2), Wilkes (4), Wilson (2), Yadkin (2), Yancey (3).

NORTH DAKOTA (17 counties designated): Barnes (4), Bottineau (2), Bowman (4), Burleigh (3), Eddy (2), Griggs (2), Hettinger (1), McKenzie (2), Mountrail (1), Pierce (2), Ramsey (4), Rolette (1), Stark (1), Stutsman (1), Traill (1), Ward (3), Williams (3).

OHIO (41 counties designated): Adams (1), Allen (1), Ashland (2), Auglaize (3), Belmont (3), Brown (2), Butler (3), Champaign (2), Clark (1), Clinton (1), Columbiana (1), Darke (4), Fairfield (1), Fulton (2), Gallia (2), Geauga (2), Greene (4), Hancock (2), Henry (4), Highland (2), Holmes (4), Huron (1), Knox (1), Licking (2), Medina (2), Mercer (1), Morgan (2), Morrow (3), Muskingum (1), Paulding (3), Portage (1), Preble (2), Ross (2), Seneca (3), Shelby (1), Trumbull (3), Union (1), Washington (4), Wayne (2), Wood (1), Wyandot (1).

OKLAHOMA (76 counties designated): Adair (2), Alfalfa (2), Atoka (4), Beaver (1), Beckham (2), Blaine (2), Bryan (3), Caddo (4), Canadian (2), Carter (2), Cherokee (3), Choctaw (3), Cleveland (4), Coal (2), Comanche (2), Cotton (2), Craig (1), Creek (3), Custer (2), Delaware (1), Dewey (2), Ellis (1), Garfield (3), Garvin (2), Grady (3), Grant (2), Greer (2), Harmon (2), Harper (1), Haskell (3), Hughes (3), Jackson (2), Jefferson (2), Johnston (3), Kay (2), Kingfisher (2), Kiowa (3), Latimer (1), Le Flore (4), Lincoln (4), Logan (3), Love (2), McClain (2), McCurtain (4), McIntosh (2), Major (4), Marshall (2), Mayes (4), Murray (2), Muskogee (2), Noble (2), Nowata (2), Okfuskee (4), Oklahoma (1), Okmulgee (4), Osage (3), Ottawa (1), Pawnee (2), Payne (2), Pittsburg (3), Pontotoc (2), Pottawatomie (3), Pushmataha (2), Roger Mills (1), Rogers (3), Seminole (2), Sequoyah (3), Stephens (2), Texas (4), Tillman (2), Tulsa (1), Wagoner (2), Washington (2), Washita (4), Woods (3), Woodward (2).

OREGON (10 counties designated): Clackamas (2), Coos (1), Deschutes (1), Jackson (3), Lane (3), Lincoln (2), Linn (4), Malheur (2), Marion (1), Wallowa (2).

PENNSYLVANIA (32 counties designated): Bedford (1), Berks (2), Bradford (1), Butler (2), Cambria (1), Centre (4), Chester (3), Columbia (4), Crawford (4), Cumberland (2), Erie (3), Fayette (3), Franklin (4), Greene (2), Lancaster (2), Lehigh (1), Lycoming (2), Mercer (1), Mifflin (2), Montgomery (4), Montour (1), Northumberland (2), Perry (1), Potter (1), Snyder (1), Somerset (3), Susquehanna (4), Tioga (4), Washington (4), Wayne (1), Westmoreland (4), York (1).

RHODE ISLAND (2 counties designated): Providence (4), Washington (1).

SOUTH CAROLINA (46 counties designated): Abbeville (3), Aiken (4), Allendale (2), Anderson (4), Bamberg (3), Barnwell (3), Beaufort (2), Berkeley (2), Calhoun (3), Charleston (3), Cherokee (3), Chester (3), Chesterfield (4), Clarendon (4), Colleton (4), Darlington (3), Dillon (3), Dorchester (2), Edgefield (3), Fairfield (3), Florence (4), Georgetown (2), Greenville (4), Greenwood (3), Hampton (3), Horry (3), Jasper (2), Kershaw (4), Lancaster (4), Laurens (4), Lee (3), Lexington (2), McCormick (2), Marion (3), Marlboro (3), Newberry (3), Oconee (4), Orangeburg (4), Pickens (3), Richland (3), Saluda (3), Spartanburg (4), Sumter (4), Union (2), Williamsburg (4), York (4).

SOUTH DAKOTA (18 counties designated): Aurora (2), Brookings (4), Brown (1), Butte (1), Codington (1), Davison (1), Day (3), Hand (4), Kingsbury (1), Lyman (3), Miner (2), Pennington (4), Perkins (2), Spink (2), Sully (1), Tripp (1), Union (3), Yankton (2).

TENNESSEE (95 counties designated): Anderson (3), Bedford (3), Benton (2), Bledsoe (2), Blount (2), Bradley (4), Campbell (2), Cannon (2), Carroll (3), Carter (2), Cheatham (2), Chester (3), Claiborne (2), Clay (3), Cocke (2), Coffee (2), Crockett (2), Cumberland (2), Davidson (2), Decatur (2), De Kalb (2), Dickson (2), Dyer (3), Fayette (4), Fentress (4), Franklin (3), Gibson (3), Giles (3), Grainger (2), Greene (4), Grundy (2), Hamblen (2), Hamilton (2), Hancock (2), Hardeman (3), Hardin (2), Hawkins (2), Haywood (4), Henderson (2), Henry (2), Hickman (2), Houston (2), Humphreys (2), Jacksen (2), Jefferson (3), Johnson (2), Knox (2), Lake (2), Lauderdale (3), Lawrence (4), Lewis (2), Lincoln (2), Loudon (4), McMinn (2), McNairy (4), Macon (2), Madison (2), Marion (2), Marshall (2), Maury (2), Meigs (2), Monroe (2), Montgomery (4), Moore (2), Morgan (2), Obion (2), Overton (2), Perry (2), Pickett (2), Polk (2), Putnam (4), Rhea (2), Roane (2), Robertson (3), Rutherford (4), Scott (2), Sequatchie (2), Sevier (2), Shelby (4), Smith (2), Steward (2), Sullivan (2), Sumner (2), Tipton (4), Trousdale (2), Unicoi (2), Union (2), Van Buren (2), Warren (3), Washington (3), Wayne (4), Weakley (4), White (2), Williamson (3), Wilson (2).

TEXAS (172 counties designated): Anderson (2), Angelina (3), Atascosa (3), Austin (2), Bandera (1), Bastrop (2), Baylor (4), Bee (2), Bell (3), Bexar (4), Blanco (1), Bosque (2), Bowie (4), Brazoria (1), Brazos (2), Brown (2), Burleson (2), Burnet (2), Caldwell (2), Calhoun (1), Callahan (1), Cameron (3), Camp (2), Cass (3), Cherokee (4), Coke (1), Coleman (3), Collin (2), Collingsworth (1), Colorado (2), Comal (1), Comanche (2), Concho (1), Cooke (3), Coryell (3), Crosby (1), Dallas (4), Dawson (2), Delta (2), Denton (2), De Witt (4), Dickens (1), Donley (1), Duval (1), Ellis (3), El Paso (3), Erath (2), Falls (4), Fannin (2), Fayette (4), Fisher (2), Floyd (4), Foard (1), Fort Bend (3), Freestone (2), Frio (1), Garza (1), Gillespie (1), Goliad (2), Gonzales (3), Grayson (2), Grimes (2), Guadalupe (3), Hale (1), Hall (3), Hamilton (1), Hansford (3), Hardeman (2), Harrison (3), Haskell (4), Hays (2), Henderson (2), Hidalgo (4), Hill (3), Hopkins (3), Houston (4), Hudspeth (1), Hunt (4), Irion (1), Jackson (2), Jasper (2), Jeff Davis (1), Jeffersen (2), Jim Wells (3), Johnson (4), Jones (4), Karnes (2), Kaufman (3), Kendall (1), Kerr (1), Kimble (1), Kleberg (1), Knox (2), Lamar (4), Lamb (2), Lampasas (1), La Salle (1), Lavaca (2), Lee (1), Leon (2), Liberty (3), Limestone (2), Lipscomb (2), Live Oak (1), Llano (1), Lubbock (1), Lynn (2), McCulloch (2), McLennan (2), Madison (3), Marion (2), Mason (1), Matagorda (2), Medina (1), Menard (1), Milam (3), Mills (1), Mitchell (3), Montgomery (1), Nacogdoches (3), Navarro (4), Newton (1), Nueces (4), Orange (1), Palo Pinto (1), Panola (3), Parker (2), Parmer (1), Pecos (1), Polk (3), Rains (2), Randall (4), Red River (3), Reeves (4), Refugio (1), Robertson (3), Rockwall (2), Runnels (2), Sabine (1), San Augustine (4), San Jacinto (2), San Patricio (1), San Saba (2), Schleicher (1), Shelby (2), Smith (3), Starr (1), Tarrant (3), Taylor (3), Throckmorton (1), Titus (1), Tom Green (4), Travis (3), Tyler (1), Upshur (2), Van Zandt (4), Victoria (2), Walker (2), Waller (3), Ward (1), Washington (3), Webb (1), Wharton (4), Wheeler (4), Wichita (1), Wilbarger (3), Willacy (2), Williamson (4), Wilson (2), Wise (1), Wood (2), Young (3).

UTAH (4 counties designated): Box Elder (3), Millard (2), Sanpete (2), Utah (4).

VERMONT (4 counties designated): Addison (4), Caledonia (1), Chittenden (1), Franklin (2).

VIRGINIA (59 counties designated): Accomac (4), Albemarle (1), Amelia (1), Amherst (3), Appomattox (2), Augusta (3), Bedford (4), Brunswick (3), Buckingham (2), Campbell (3), Caroline (4), Carroll (1), Charlotte (3), Culpeper (2), Cumberland (2), Dickenson (3), Dinwiddie (2), Essex (2), Fluvanna (1), Franklin (2), Frederick (2), Giles (3), Grayson (2), Greensville (3), Halifax (4), Hanover (1), Henry (2), Isle of Wight (3), Lee (3), Loudoun (1), Louisa (1), Lunenburg (3), Madison (2), Mecklenburg (4), Montgomery (2), Nansemond (3), Nelson (4), Northampton (3), Nottoway (2), Patrick (3), Pittsylvania (3), Prince Edward (2), Prince George (2), Princess Anne (1), Richmond (2), Rockbridge (1), Rockingham (2), Russell (2), Scott (4), Shenandoah (2), Smyth (2), Southampton (4), Surry (2), Sussex (2), Tazewell (1), Washington (3), Westmoreland (2), Wise (2), Wythe (2).

WASHINGTON (10 counties designated): Clark (3), Kittitas (2), Lewis (2), Okanogan (2), Pierce (2), Snohomish (1), Spokane (1), Stevens (3), Walla Walla (2), Yakima (4).

WEST VIRGINIA (31 counties designated): Barbour (2), Berkeley (4), Braxton (2), Gilmer (4), Grant (1), Greenbrier (2), Hampshire (2), Hardy (1), Harrison (3), Jackson (4), Jefferson (3), Lewis (2), Marshall (4), Mason (2), Mineral (1), Monongalia (1), Monroe (3), Nicholas (1), Pendleton (1), Pleasants (1), Pocahontas (1), Preston (2), Putnam (1), Randolph (2), Ritchie (1), Roane (1), Taylor (1), Tyler (2), Upshur (1), Wayne (1), Wood (1).

WISCONSIN (23 counties designated): Barron (2), Burnett (3), Chippewa (2), Dane (1), Dodge (4), Fond du Lac (2), Grant (4), Green (2), Iowa (1), Lafayette (2), Langlade (4), Marathon (2), Monroe (3), Pierce (2), Polk (1), Richland (2), St. Croix (4), Sauk (1), Shawano (2), Trempealeau (2), Vernon (1), Waushara (3), Winnebago (1).

WYOMING (3 counties designated): Goshen (4), Platte (2), Washakie (1).

HAWAII (4 counties designated): Hawaii (4), Honolulu (3), Kauai (2), Maui (2).

PUERTO RICO (1 county designated): Puerto Rico (4).

Table 1. Farm Tenancy: Percentage by Census Years 1880 to 1935

State	1935	1930	1920	1910	1900	1890	1880
CONTINENTAL U. S.	42.1	42.4	38.1	37.0	35.3	28.4	25.6
Alabama	64.5	64.7	57.9	60.2	57.7	48.6	46.8
Arizona	17.8	16.4	18.1	9.3	8.4	7.9	13.2
Arkansas	60.0	63.0	51.3	50.0	45.4	32.1	30.9
California	21.7	18.0	21.4	20.6	23.1	17.8	19.8
Colorado	39.0	34.5	23.0	18.2	22.6	11.2	13.0
Connecticut	7.3	6.2	8.5	9.8	12.9	11.5	10.2
Delaware	34.8	33.8	39.3	41.9	50.3	46.9	42.4
District of Columbia	23.6	23.1	41.7	38.7	43.1	36.6	38.2
Florida	28.0	28.4	25.3	26.7	26.5	23.6	30.9
Georgia	65.6	68.2	66.6	65.6	59.9	53.5	44.9
Idaho	28.5	25.3	15.9	10.3	8.8	4.6	4.7
Illinois	44.5	43.1	42.7	41.4	39.3	34.0	31.4
Indiana	31.6	30.1	32.0	30.0	28.6	25.4	23.7
Iowa	49.6	47.3	41.7	37.8	34.9	28.1	23.8
Kansas	44.0	42.4	40.4	36.8	35.2	28.2	16.3
Kentucky	37.1	35.9	33.4	33.9	32.8	25.0	26.5
Louisiana	63.7	66.6	57.1	55.3	58.0	44.4	35.2
Maine	6.9	4.5	4.2	4.3	4.7	5.4	4.3
Maryland	27.2	26.5	28.9	29.5	33.6	31.0	30.9
Massachusetts	6.2	5.6	7.1	8.1	9.6	9.3	8.2
Michigan	19.0	15.5	17.7	15.8	15.8	14.0	10.0
Minnesota	33.7	31.1	24.7	21.0	17.3	12.9	9.1
Mississippi	69.8	72.2	66.1	66.1	62.4	52.8	43.8
Missouri	38.8	34.8	28.8	29.9	30.5	26.8	27.3
Montana	27.7	24.5	11.3	8.9	9.2	4.8	5.3
Nebraska	49.3	47.1	42.9	38.1	36.9	24.7	18.0
Nevada	14.4	12.9	9.4	12.4	11.4	7.5	9.7
New Hampshire	7.3	5.3	6.7	6.9	7.5	8.0	8.1
New Jersey	17.8	15.6	23.0	24.8	29.9	27.2	24.6
New Mexico	19.0	20.2	12.2	5.5	9.4	4.5	8.1
New York	14.2	13.2	19.2	20.8	23.9	20.2	16.5
North Carolina	47.2	49.2	43.5	42.3	41.4	34.1	33.5
North Dakota	39.1	35.1	25.6	14.3	8.5	6.9	2.1
Ohio	28.9	26.3	29.5	28.4	27.4	22.9	19.3
Oklahoma	61.2	61.5	51.0	54.8	43.8	0.7	-
Oregon	21.7	17.8	18.8	15.1	17.8	12.6	14.1
Pennsylvania	17.7	15.9	21.9	23.3	26.0	23.3	21.2
Rhode Island	13.8	12.5	15.5	18.0	20.2	18.7	19.9
South Carolina	62.2	65.1	64.5	63.0	61.1	55.3	50.3
South Dakota	48.6	44.6	34.9	24.8	21.8	13.2	4.4
Tennessee	46.2	46.2	41.1	41.1	40.6	30.8	34.5
Texas	57.1	60.9	53.3	52.6	49.7	41.9	37.6
Utah	14.9	12.2	10.9	7.9	8.8	5.2	4.6
Vermont	10.9	9.7	11.6	12.3	14.6	14.6	13.4
Virginia	29.5	28.1	25.6	26.5	30.7	26.9	29.5
Washington	20.0	17.0	18.7	13.7	14.4	8.5	7.2
West Virginia	25.8	18.6	16.2	20.5	21.8	17.7	19.1
Wisconsin	20.7	18.2	14.4	13.9	13.5	11.4	9.1
Wyoming	23.3	22.0	12.5	8.2	7.6	4.2	2.8

Source: U. S. Census of Agriculture.

Table 2. Number of Farms By Tenure of Operator

State	Number of Farms	Number of Farms Operated By Full Owners, Part Owners, and Managers	No. of Farms Operated By Tenants	No. of Tenants Working on Farms: Other Than Croppers	No. of Tenants Working on Farms: Croppers	No. of Tenants Working on Farms: All Tenants	No. of Laborers Working on Farms 1st Week of January 1935	Percentage of Tenant-Operated Farms	Excess No. of Tenants & Hired Laborers to No. of Farms Being Operated By Tenants	No. of Tenants and Farm Laborers Per Hundred Farms Operated By Tenants
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
CONTINENTAL U. S.	6,812,350	3,947,195	2,865,155	A/	A/	2,865,155	1,645,602	42.1	1,645,602	157.4
Alabama	273,455	97,208	176,247	108,273	67,974	176,247	48,072	64.5	48,072	127.3
Arizona	18,824	15,480	3,344			3,344	20,964	17.8	20,964	726.9
Arkansas	253,013	101,254	151,759	86,156	65,603	151,759	39,974	60.0	39,974	126.3
California	150,360	117,664	32,696			32,696	127,873	21.7	127,873	491.1
Colorado	63,644	38,804	24,840			24,840	15,228	39.0	15,228	161.3
Connecticut	32,157	29,818	2,339			2,339	13,328	7.3	13,328	669.8
Delaware	10,381	6,771	3,610	3,335	275	3,610	3,057	34.8	3,057	184.7
D. C.	89	68	21			21	257	23.6	257	1,323.8
Florida	72,857	52,458	20,399	15,725	4,674	20,399	60,627	28.0	60,627	397.2
Georgia	250,544	86,213	164,331	83,906	80,425	164,331	91,458	65.6	91,458	155.7
Idaho	45,113	32,252	12,861			12,861	8,812	28.5	8,812	168.5
Illinois	231,312	128,456	102,856			102,856	49,294	44.5	49,294	147.9
Indiana	200,835	137,326	63,509			63,509	34,070	31.6	34,070	153.6
Iowa	221,986	111,835	110,151			110,151	48,532	49.6	48,532	144.1
Kansas	174,589	97,818	76,771			76,771	26,034	44.0	26,034	133.9
Kentucky	278,298	175,083	103,215	70,201	33,014	103,215	36,915	37.1	36,915	135.8
Louisiana	170,216	61,839	108,377	58,158	50,219	108,377	56,416	63.7	56,416	152.1
Maine	41,907	39,024	2,883			2,883	11,440	6.9	11,440	496.8
Maryland	44,412	32,322	12,090	10,429	1,661	12,090	22,973	27.2	22,973	290.0

Table 2. (Continued)

State	Number of Farms	Number of Farms Operated By Full Owners, Part Owners, and Managers	No. of Farms Operated By Tenants	No. of Tenants Working on Farms: Other Than Croppers	No. of Tenants Working on Farms: Croppers	No. of Tenants Working on Farms: All Tenants	No. of Laborers Working on Farms 1st Week of January 1935	Percentage of Tenant-Operated Farms	Excess No. of Tenants & Hired Laborers to No. of Farms Being Operated By Tenants	No. of Tenants and Farm Laborers Per Hundred Farms Operated By Tenants
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Massachusetts	35,094	32,930	2,164			2,164	19,247	6.2	19,247	989.4
Michigan	196,517	159,183	37,334			37,334	39,192	19.0	39,192	205.0
Minnesota	203,302	134,890	68,412			68,412	38,846	33.7	38,846	156.8
Mississippi	311,683	94,119	217,564	80,651	136,913	217,564	35,542	69.8	35,542	116.3
Missouri	278,454	170,431	108,023			108,023	40,742	38.8	40,742	137.7
Montana	50,564	36,579	13,985			13,985	13,523	27.7	13,523	196.7
Nebraska	133,616	67,808	65,808			65,808	20,300	49.3	20,300	130.8
Nevada	3,696	3,163	533			533	2,066	14.4	2,066	487.6
New Hampshire	17,695	16,411	1,284			1,284	6,067	7.3	6,067	572.5
New Jersey	29,375	24,133	5,242			5,242	17,182	17.8	17,182	427.8
New Mexico	41,369	33,512	7,857			7,857	11,364	19.0	11,364	244.6
New York	177,025	151,923	25,102			25,102	67,751	14.2	67,751	369.9
North Carolina	300,967	158,809	142,158	75,765	66,393	142,158	59,321	47.2	59,321	141.7
North Dakota	84,606	51,484	33,122			33,122	13,495	39.1	13,495	140.7
Ohio	255,146	181,376	73,770			73,770	49,537	28.9	49,537	167.2
Oklahoma	213,325	82,664	130,661	117,021	13,640	130,661	31,444	61.2	31,444	124.1
Oregon	64,826	50,761	14,065			14,065	15,287	21.7	15,287	208.7
Pennsylvania	191,284	157,357	33,927			33,927	54,132	17.7	54,132	259.6
Rhode Island	4,327	3,730	597			597	2,536	13.8	2,536	524.8
South Carolina	165,504	62,578	102,926	56,688	46,238	102,926	53,140	62.2	53,140	151.6
South Dakota	83,303	42,826	40,477			40,477	8,209	48.6	8,209	120.3

Table 2. (Continued)

State	Number of Farms	Number of Farms Operated By Full Owners, Part Owners, and Managers	No. of Farms Operated By Tenants	No. of Tenants Working on Farms: Other Than Croppers	No. of Tenants Working on Farms: Croppers	No. of Tenants Working on Farms: All Tenants	No. of Laborers Working on Farms 1st Week of January 1935	Percentage of Tenant-Operated Farms	Excess No. of Tenants & Hired Laborers to No. of Farms Being Operated By Tenants	No. of Tenants and Farm Laborers Per Hundred Farms Operated By Tenants
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Tennessee	273,783	147,176	126,607	75,130	51,477	126,607	39,496	46.2	39,496	131.2
Texas	501,017	214,914	286,103	209,635	76,468	286,103	131,592	57.1	131,592	146.0
Utah	30,695	26,113	4,582			4,582	5,183	14.9	5,183	213.1
Vermont	27,061	24,118	2,943			2,943	10,822	10.9	10,822	467.7
Virginia	197,632	139,246	58,386	40,147	18,239	58,386	52,310	29.5	52,310	189.6
Washington	84,381	67,546	16,835			16,835	17,568	20.0	17,568	204.4
West Virginia	104,747	77,726	27,021	23,978	3,043	27,021	15,032	25.8	15,032	155.6
Wisconsin	199,877	158,592	41,285			41,285	52,351	20.7	52,351	226.8
Wyoming	17,487	13,404	4,083			4,083	7,001	23.3	7,001	271.5

A/ - Breakdown of Number of Tenants Not Available for Other Than The 16 Southern States.

Source: U. S. Census of Agriculture 1935.

Table 3. Number, Total and Average Area, and Average Value of All Farms and of Farms of 30 Acres or More

State	All Farms No. of Farms (Number)	Land Area in Farms (Acres)	Average Area Per Farm (Acres)	Average Value Per Farm (Dollars)	Number of Farms of 30 Acres or More (Number)	Land Area in Farms of 30 Acres or More (Acres)	Average Area Per Farm (Acres)	Average Value Per Farm A/ 1935 B/	Average Value Per Farm A/ 1940 C/
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
CONTINENTAL U.S. D/	6,812,261	1,054,512,310	154.8	$ 4,822	5,000,071	1,029,183,656	206	$ 6,414	$ 6,901
Alabama	273,455	19,660,828	71.9	1,347	175,796	18,065,848	103	1,925	2,135
Arizona	18,824	14,018,540	744.7	7,047	9,617	13,929,141	1,448	13,702	14,305
Arkansas	253,013	17,741,627	70.1	1,486	158,525	16,291,266	103	2,179	2,352
California	150,360	30,437,995	202.4	15,466	70,988	29,546,313	416	31,798	33,458
Colorado	63,644	29,978,472	471.0	6,580	53,264	29,870,766	561	7,834	9,016
Connecticut	32,157	2,079,933	64.7	8,828	17,101	1,903,666	111	15,194	15,328
Delaware	10,381	921,251	88.7	4,959	7,855	887,001	113	6,310	6,848
Florida	72,857	6,048,406	83.0	4,407	36,959	5,639,629	153	8,099	8,549
Georgia	250,544	25,296,522	101.0	1,715	199,426	24,413,198	122	2,080	2,369
Idaho	45,113	9,951,661	220.6	6,814	37,211	9,860,402	265	8,185	8,799
Illinois	231,312	31,661,205	136.9	9,536	197,499	31,248,571	158	11,023	13,553
Indiana	200,835	20,518,745	102.2	5,180	162,058	20,029,111	124	6,266	7,601
Iowa	221,986	34,359,152	154.8	11,092	198,689	34,105,224	172	12,300	13,585
Kansas	174,589	48,009,770	275.0	8,469	155,824	47,807,523	307	9,449	9,707
Kentucky	278,298	20,698,510	74.4	2,229	179,802	19,403,042	108	3,234	4,200
Louisiana	170,216	10,444,288	61.4	1,736	79,306	8,967,035	113	3,199	3,758
Maine	41,907	4,721,842	112.7	3,425	35,479	4,631,666	131	3,968	4,010
Maryland	44,412	4,383,641	98.7	5,465	31,697	4,219,036	133	7,370	8,099
Massachusetts	35,094	2,195,714	62.6	7,285	17,826	2,000,326	112	13,066	13,301
Michigan	196,517	18,459,922	93.9	4,205	165,393	18,062,569	109	4,888	5,359
Minnesota	203,302	32,817,911	161.4	6,803	186,705	32,622,248	175	7,363	7,629
Mississippi	311,683	19,655,413	63.1	1,190	143,869	16,875,324	117	2,213	2,600
Missouri	278,454	35,054,542	125.9	3,948	235,127	34,493,189	147	4,600	4,679
Montana	50,564	47,511,868	939.6	7,433	47,432	47,480,299	1,001	7,918	8,710
Nebraska	133,616	46,615,762	348.9	11,696	123,511	46,510,783	377	12,626	11,399

State	All Farms No. of Farms (Number)	Land Area in Farms (Acres)	Average Area Per Farm (Acres)	Average Value Per Farm (Dollars)	Number of Farms of 30 Acres or More (Number)	Land Area in Farms of 30 Acres or More (Acres)	Average Area Per Farm (Acres)	Average Value Per Farm A/ 1935 B/	Average Value Per Farm A/ 1940 C/
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Nevada	3,696	3,621,769	979.9	$ 11,518	3,044	3,613,792	1,187	$13,949	$15,022
New Hampshire	17,695	2,115,548	119.6	3,783	13,733	2,063,123	150	4,753	4,964
New Jersey	29,375	1,914,110	65.2	7,977	16,222	1,761,385	109	13,291	13,889
New Mexico	41,369	34,397,205	831.5	4,113	25,872	34,235,374	1,323	6,550	7,239
New York	177,025	18,685,741	105.6	5,905	137,894	18,200,572	132	7,385	7,561
North Carolina	300,967	19,936,307	66.2	2,069	189,626	18,230,033	96	3,003	3,733
North Dakota	84,606	39,118,136	462.4	8,358	82,252	39,095,346	475	8,594	7,311
Ohio	255,146	22,857,692	89.6	5,007	195,876	22,128,460	113	6,314	7,367
Oklahoma	213,325	35,334,870	165.6	3,677	187,341	34,980,612	187	4,145	4,482
Oregon	64,826	17,357,549	267.8	6,922	42,517	17,091,812	402	10,392	11,796
Pennsylvania	191,284	15,855,343	82.9	4,505	142,179	15,212,457	107	5,815	6,383
Rhode Island	4,327	307,725	71.1	8,144	2,457	285,745	116	13,317	13,542
South Carolina	165,504	12,329,958	74.5	1,725	99,732	11,323,057	114	2,629	3,079
South Dakota	83,303	37,101,871	445.4	8,305	80,111	37,071,745	463	8,630	7,191
Tennessee	273,783	19,085,837	69.7	2,030	171,393	17,569,659	103	2,985	3,543
Texas	501,017	137,597,389	274.6	5,137	398,503	136,006,987	341	6,382	6,943
Utah	30,695	6,239,318	203.3	5,157	19,472	6,110,727	314	7,962	8,436
Vermont	27,061	4,042,658	149.4	4,286	22,320	3,985,097	179	5,122	5,122
Virginia	197,632	17,644,898	89.3	3,005	126,402	16,706,411	132	4,449	5,137
Washington	84,381	14,680,097	174.0	6,527	44,034	14,223,572	323	12,116	13,391
West Virginia	104,747	9,423,655	90.0	2,269	73,599	9,026,544	123	3,093	3,370
Wisconsin	199,877	23,459,203	117.4	6,238	181,910	23,244,548	128	6,791	6,957
Wyoming	17,487	28,161,911	1,610.4	9,537	16,623	28,153,422	1,694	10,026	10,997

A/ - These state figures are shown for illustrative purposes only. The Secretary of Agriculture, according to the Purchase Price Limitation Amendment of the Agricultural Appropriations Act 1941, made determinations of average value of farms thirty acres or more, by counties, parishes or localities.

B/ - Computed from Census of Agriculture: 1935 Data: - Product of acreage in farms thirty acres and over and average value per acre divided by number of farms thirty acres and over.

C/ - 1935 values adjusted to 1940: - Average value per farm 1935 multiplied by index of change for respective states in value of land per acre, between 1935 and 1940 as indicated in Table "Farm Real Estate: Estimated Value per Acre, in Terms of Pre-war Average Value, By States, March 1, 1940 with Comparisons," U.S.D.A. Release, Washington, D. C., April 17, 1940.

D/ - Excluding the District of Columbia.

Source: U. S. Census of Agriculture 1935, except as noted.

Table 4. Farm Tenancy: Method of Determining the Percentage Distribution for Allocating Loan Funds, by States

State and Territory (1)	Farm population 1935 a/ (2)	Percentage of tenancy 1935 b/ (3)	Allocation factor: Farm population multiplied by percentage of tenancy 1935 c/ (4)	Percentage distribution of funds d/ (5)
	Number	Percent	Number	Percent
U. S. TOTAL e/	33,025,750	41.9	13,849,370	100.00000000
Alabama	1,386,074	64.5	894,018	6.45529724
Arizona	100,083	17.8	17,815	0.12863401
Arkansas	1,180,238	60.0	708,143	5.11317843
California	608,838	21.7	132,118	0.95396397
Colorado	276,198	39.0	107,718	0.77778267
Connecticut	143,157	7.3	10,450	0.07545470
Delaware	48,558	34.8	16,898	0.12201277
Dist.of Columbia	532	23.6	126	0.00090979
Florida	319,658	28.0	89,504	0.64626766
Georgia	1,405,944	65.6	922,299	6.65950148
Idaho	198,983	28.5	56,710	0.40947711
Illinois	1,017,650	44.5	452,854	3.26985271
Indiana	852,994	31.6	269,546	1.94626904
Iowa	967,979	49.6	480,118	3.46671365
Kansas	703,743	44.0	309,647	2.23582012
Kentucky	1,307,816	37.1	485,200	3.50340846
Louisiana	859,351	63.7	547,407	3.95257690
Maine	184,697	6.9	12,744	0.09201863
Maryland	241,596	27.2	65,714	0.47449090
Massachusetts	163,219	6.2	10,120	0.07307192
Michigan	840,514	19.0	159,698	1.15310660
Minnesota	928,487	33.6	311,972	2.25260788
Mississippi	1,332,981	69.8	930,421	6.71814675
Missouri	1,183,499	38.8	459,198	3.31565985
Montana	195,262	27.7	54,088	0.39054484
Nebraska	580,694	49.3	286,282	2.06711207
Nevada	15,385	14.4	2,215	0.01599351
New Hampshire	76,007	7.3	5,549	0.04006680
New Jersey	144,368	17.8	25,698	0.18555357
New Mexico	189,358	19.0	35,978	0.25978077
New York	784,483	14.2	111,397	0.80434705
North Carolina	1,623,481	47.2	766,283	5.53298092
North Dakota	385,614	39.1	150,775	1.08867768
Ohio	1,127,405	28.9	325,820	2.35259799
Oklahoma	1,015,562	61.2	621,524	4.48774204
Oregon	248,767	21.7	53,982	0.38977946
Pennsylvania	975,082	17.7	172,590	1.24619386
Rhode Island	21,751	13.8	3,002	0.02167608
South Carolina	948,435	62.2	589,927	4.25959448
South Dakota	358,204	48.6	174,087	1.25700303
Tennessee	1,308,420	46.2	604,490	4.36474728
Texas	2,332,693	57.1	1,331,968	9.61753494
Utah	138,242	14.9	20,598	0.14872879

Table 4. (Continued)

State and Territory (1)	Farm population 1935 a/ (2)	Percentage of tenancy 1935 b/ (3)	Allocation factor: Farm population multiplied by percentage of tenancy 1935 c/ (4)	Percentage distribution of funds d/ (5)
	Number	Percent	Number	Percent
Vermont	122,655	10.9	13,369	0.09653147
Virginia	1,053,469	29.5	310,773	2.24395045
Washington	335,840	20.0	67,168	0.48498957
West Virginia	561,919	25.8	144,975	1.04679852
Wisconsin	930,515	20.7	192,617	1.39079973
Wyoming	74,507	23.3	17,360	0.12534866
Alaska	2,870	26.2	752	0.00542985
Hawaii	162,000	72.5	117,450	0.84805301
Puerto Rico	1,059,973	18.7	198,215	1.43122034

a/ Continental United States - Census of Agriculture: 1935, Vol.III, Ch. IV, Table 4, P.146; Puerto Rico - Census of Puerto Rico: 1935: Hawaii and Alaska - Estimates of farm population by Bureau of the Census: ratio of gainful workers in agriculture to total gainful workers multiplied by total population in 1930.

b/ Continental United States - Census of Agriculture: 1935, Vol.III, Ch.III, Table 9, pp.136-138; Puerto Rico - Census of Puerto Rico: 1935: Hawaii and Alaska - Census of Territories and Possessions, 1930: Hawaii and Alaska, respectively.

c/ Total factor is sum of State factors.

d/ State factor divided by column 4, total factor.

e/ Unites states, Alaska, Hawaii, and Puerto Rico.

Table 5. Number of Counties in Which the Farm Tenancy Program is Operative, by Fiscal Years

State	No. of Counties, Parishes, or Ind. Cities	No. of Agri-cultural Counties or Parishes	Number of Counties in Which Farm Tenancy Program Operates				
			1938	1939	1940	1941	Est. 1942
CONTINENTAL U. S. AND HAWAII & PUERTO RICO	3,102	3,063 A/	332	732	1,291	1,633	1,883
Alabama	67	67	25	57	57	58	58
Arizona	14	14	1	1	2	2	3
Arkansas	75	75	21	49	70	71	75
California	58	57	2	4	7	10	13
Colorado	63	62	3	5	9	15	20
Connecticut	8	8	1	1	4	4	5
Delaware	3	3	1	2	2	3	3
Florida	67	67	3	6	13	20	26
Georgia	159	159	35	75	99	129	149
Idaho	44	44	1	3	6	9	12
Illinois	102	102	6	11	25	42	52
Indiana	92	92	4	10	19	26	32
Iowa	99	99	6	11	31	51	61
Kansas	105	105	6	11	21	30	38
Kentucky	120	120	11	21	51	87	107
Louisiana	64	63	15	32	62	62	64
Maine	16	16	1	2	3	4	5
Maryland	24	23	1	4	8	12	14
Massachusetts	14	13	1	1	2	4	5
Michigan	83	83	3	6	14	17	20
Minnesota	87	87	5	11	21	27	33
Mississippi	82	82	28	65	82	82	82
Missouri	115	114	8	19	38	58	78
Montana	56	56	1	2	4	6	8
Nebraska	93	93	5	9	16	24	32
Nevada	17	17	1	1	1	2	2
New Hampshire	10	10	1	1	2	3	4
New Jersey	21	19	4	5	5	7	9
New Mexico	31	31	1	2	3	5	7
New York	62	57	2	6	10	15	20
North Carolina	100	100	17	50	100	100	100
North Dakota	53	53	3	6	11	17	23
Ohio	88	88	5	12	26	41	51
Oklahoma	77	77	12	29	66	76	77
Oregon	36	36	1	3	7	10	13
Pennsylvania	67	66	9	13	21	32	42
Rhode Island	5	5	1	1	1	2	2
South Carolina	46	46	16	37	46	46	46
South Dakota	69	69	3	6	11	18	25
Tennessee	95	95	15	31	95	95	95
Texas	254	254	26	63	118	172	202
Utah	29	29	1	2	4	4	5

Table 5. (Continued)

State	No. of Counties, Parishes, or Ind. Cities	No. of Agri-cultural Counties or Parishes	Number of Counties in Which Farm Tenancy Program Operates				
			1938	1939	1940	1941	Est. 1942
Vermont	14	14	1	1	2	4	5
Virginia	124	100	8	24	49	59	69
Washington	39	39	1	3	8	10	12
West Virginia	55	55	4	7	16	31	41
Wisconsin	71	71	4	7	17	23	29
Wyoming	24	23	1	1	2	3	4
Hawaii	4	4	1	2	3	4	4
Puerto Rico	1	1	0	1	1	1	1

A/ - Excluding 26 independent cities, D. C., Yellowstone National Park, and 12 urban counties or parishes.

Table 6. Farm Tenancy: Number of Loan Applications Received and Number of Loans for which Funds were Available

State	Number Loan Applications Received from Inception Through 6/30/39	Number Loan Applications Received During Fiscal Year 1939-40	No. Loans for which Funds were Available: From Inception Through 6/30/39	No. Loans for which Funds were Available: Fiscal Year 1939-40	Number Applications per Loan Available Cumulative
(1)	(2)	(3)	(4)	(5)	(6)
CONTINENTAL U. S. AND HAWAII AND PUERTO RICO	147,972	138,131	6,368	6,491	22
Alabama	23,669	13,652	537	590	33
Arizona	136	73	6	7	16
Arkansas	14,721	9,086	419	409	29
California	662	770	39	44	17
Colorado	675	627	39	28	19
Connecticut	45	37	4	4	10
Delaware	137	126	10	8	15
D. C.	0	0	0	0	0
Florida	905	1,686	53	62	23
Georgia	17,302	13,380	567	650	25
Idaho	610	272	15	16	28
Illinois	2,661	2,523	116	116	22
Indiana	908	1,346	73	78	15
Iowa	1,525	3,289	120	152	18
Kansas	1,035	1,453	88	96	14
Kentucky	3,196	3,377	156	159	21
Louisiana	4,607	5,388	245	305	18
Maine	371	457	10	8	46
Maryland	145	274	27	29	7
Massachusetts	39	60	5	6	9
Michigan	395	435	57	47	8
Minnesota	1,293	1,431	94	102	14
Mississippi	11,986	9,374	631	567	18
Missouri	4,568	6,420	185	183	30
Montana	222	262	14	14	17
Nebraska	1,093	1,119	76	76	15
Nevada	46	14	2	1	20
New Hampshire	46	39	3	2	17
New Jersey	165	130	20	9	10
New Mexico	394	151	12	10	25
New York	1,243	855	49	59	19
North Carolina	7,021	8,725	443	425	18
North Dakota	748	808	59	59	13
Ohio	1,220	1,659	102	103	14
Oklahoma	4,597	9,318	263	243	28
Oregon	194	366	15	17	18
Pennsylvania	1,406	825	98	68	13
Rhode Island	17	21	2	2	10
South Carolina	9,984	3,993	355	378	19
South Dakota	532	574	55	64	9

Table 6. (Continued)

State	Number Loan Applications Received from Inception Through 6/30/39	Number Loan Applications Received During Fiscal Year 1939-40	No. Loans for which Funds were Available		Number Applications per Loan Available Cumulative
			From Inception Through 6/30/39	Fiscal Year 1939-40	
(1)	(2)	(3)	(4)	(5)	(6)
Tennessee	7,914	9,771	261	252	34
Texas	10,865	16,473	536	512	26
Utah	253	235	11	8	26
Vermont	34	59	4	7	8
Virginia	2,567	2,855	211	177	14
Washington	728	946	24	22	36
West Virginia	730	788	58	66	12
Wisconsin	747	764	60	68	12
Wyoming	155	83	8	6	17
Hawaii	260	295	67	61	4
Puerto Rico	3,200	1,467	64	116	26

Table 7. Farm Tenancy: Distribution of Loans, By States

State and Territory (1)	Relative Farm Population and Prevalence of Tenancy A/ (2)	Average Value of Farms of 30 Acres or More 1940 (3)	Fiscal Year 1938 Number of Borrowers (4)	Fiscal Year 1938 Amount of Loans Approved for 1937-38 Borrowers (5)	Fiscal Year 1938 Average Per Borrower (6)	Fiscal Year 1939 Number of Borrowers (7)	Fiscal Year 1939 Amount of Loans Approved for 1938-39 Borrowers (8)	Fiscal Year 1939 Average Per Borrower (9)
	Percent	Dollars	Number	Dollars	Dollars	Number	Dollars	Dollars
U. S. Total	B/ 100.00	C/ 6,901	1,829	9,211,646	5,036	4,233	23,796,407	5,622
Alabama	6.46	2,135	175	605,257	3,459	350	1,517,433	4,336
Arizona	0.13	14,305	2	12,266	6,133	4	30,965	7,741
Arkansas	5.11	2,352	120	490,047	4,084	297	1,236,145	4,163
California	0.95	33,458	11	94,609	8,601	28	222,340	7,941
Colorado	0.78	9,016	13	105,313	8,101	26	226,208	8,700
Connecticut	0.08	15,328	1	7,195	7,195	3	18,370	6,123
Delaware	0.12	6,848	3	13,267	4,422	7	29,783	4,255
D. C.	D/	0	0	0	0	0	0	0
Florida	0.64	8,549	15	60,395	4,026	37	155,627	4,206
Georgia	6.66	2,369	177	628,690	3,552	376	1,543,235	4,104
Idaho	0.41	8,799	5	50,100	10,020	10	99,955	9,996
Illinois	3.27	13,553	34	314,590	9,253	81	789,092	9,742
Indiana	1.95	7,601	23	188,902	8,213	49	466,273	9,516
Iowa	3.47	13,585	36	333,900	9,275	84	831,457	9,898
Kansas	2.24	9,707	24	201,574	8,399	59	499,680	8,469
Kentucky	3.50	4,200	50	325,110	6,502	102	817,718	8,017
Louisiana	3.95	3,758	64	356,894	5,576	169	900,645	5,329
Maine	0.09	4,010	4	9,576	2,394	6	21,995	3,666
Maryland	0.47	8,099	6	44,000	7,333	21	112,390	5,352
Massachusetts	0.07	13,301	1	4,240	4,240	3	17,261	5,754
Michigan	1.15	5,359	17	109,060	6,415	40	281,246	7,031
Minnesota	2.25	7,629	29	215,189	7,420	65	550,741	8,473
Mississippi	6,72	2,600	178	639,289	3,592	421	1,541,294	3,661
Missouri	3.32	4,679	59	335,089	5,679	126	806,106	6,398
Montana	0.39	8,710	4	34,435	8,609	9	90,527	10,059
Nebraska	2.07	11,399	24	195,361	8,140	51	490,550	9,619
Nevada	0.02	15,022	1	7,050	7,050	1	12,000	12,000
New Hampshire	0.04	4,964	1	4,025	4,025	2	12,339	6,170

Table 7. (Continued)

State and Territory (1)	Relative Farm Population and Prevalence of Tenancy A/ (2)	Average Value of Farms of 30 Acres or More 1940 (3)	Fiscal Year 1938 Number of Borrowers (4)	Fiscal Year 1938 Amount of Loans Approved for 1937-38 Borrowers (5)	Fiscal Year 1938 Average Per Borrower (6)	Fiscal Year 1939 Number of Borrowers (7)	Fiscal Year 1939 Amount of Loans Approved for 1938-39 Borrowers (8)	Fiscal Year 1939 Average Per Borrower (9)
	Percent	Dollars	Number	Dollars	Dollars	Number	Dollars	Dollars
New Jersey	0.19	13,889	2	13,600	6,800	13	104,851	8,065
New Mexico	0.26	7,239	5	26,508	5,302	7	61,269	8,753
New York	0.80	7,561	13	76,189	5,861	36	192,078	5,335
North Carolina	5.53	3,733	96	405,087	4,220	271	1,308,246	4,827
North Dakota	1.08	7,311	15	90,975	6,065	41	255,184	6,224
Ohio	2.35	7,367	30	224,714	7,490	72	575,521	7,993
Oklahoma	4.49	4,482	81	429,821	5,306	182	1,087,435	5,975
Oregon	0.39	11,796	6	46,770	7,795	9	85,505	9,501
Pennsylvania	1.25	6,383	22	118,607	5,391	76	451,045	5,935
Rhode Island	0.02	13,542	0	0	0	1	4,447	4,447
South Carolina	4.26	3,079	119	399,340	3,356	232	1,008,469	4,347
South Dakota	1.26	7,191	19	121,015	6,369	34	284,326	8,363
Tennessee	4.36	3,543	83	414,130	4,990	178	1,054,696	5,925
Texas	9.62	6,943	159	905,217	5,693	377	2,352,663	6,240
Utah	0.15	8,436	2	12,600	6,300	8	60,905	7,613
Vermont	0.10	5,122	1	8,800	8,800	3	22,950	7,650
Virginia	2.24	5,137	43	194,817	4,531	105	539,444	5,138
Washington	0.48	13,391	7	47,578	6,797	17	116,074	6,828
West Virginia	1.05	3,370	19	91,035	4,791	29	197,162	6,799
Wisconsin	1.39	6,957	18	131,520	7,307	42	337,350	8,032
Wyoming	0.13	10,997	5	42,450	8,490	3	28,550	9,517
Alaska	0.01	0	0	0	0	0	0	0
Hawaii	0.85	0	7	25,450	3,636	38	180,547	4,751
Puerto Rico	1.43	0	0	0	0	32	166,015	5,138

Table 7. (Continued)

State and Territory (1)	Relative Farm Population and Prevalence of Tenancy A/ (2)	Average Value of Farms of 30 Acres or More 1940 (3)	Fiscal Year 1940 Number of Borrowers (10)	Fiscal Year 1940 Amount of Loans Approved for 1939-40 Borrowers (11)	Fiscal Year 1940 Average Per Borrower (12)	Fiscal Years 1938-39-40 Number of Borrowers (13)	Fiscal Years 1938-39-40 Amount of Loans Approved Inception Through 6/30/40 (14)	Fiscal Years 1938-39-40 Average Per Borrower (15)
	Percent	Dollars	Number	Dollars	Dollars	Number	Dollars	Dollars
U.S. TOTAL (Continued)	B/ 100.00	C/ 6,901	6,172	36,979,968	5,992	12,234	69,988,021	5,721
Alabama	6.46	2,135	590	2,493,988	4,227	1,115	4,616,678	4,141
Arizona	0.13	14,305	7	49,907	7,130	13	93,138	7,164
Arkansas	5.11	2,352	409	1,961,170	4,795	826	3,687,662	4,464
California	0.95	33,458	44	368,445	8,374	83	685,394	8,258
Colorado	0.78	9,016	27	288,624	10,690	66	620,145	9,396
Connecticut	0.08	15,328	3	23,972	7,991	7	49,537	7,077
Delaware	0.12	6,848	8	44,486	5,561	18	87,536	4,863
D. C.	D/	0	0	0	0	0	0	0
Florida	0.64	8,549	62	251,014	4,049	114	467,036	4,097
Georgia	6.66	2,369	650	2,583,994	3,975	1,203	4,755,919	3,953
Idaho	0.41	8,799	16	148,201	9,263	31	298,256	9,621
Illinois	3.27	13,553	116	1,267,677	10,928	231	2,371,359	10,266
Indiana	1.95	7,601	78	753,530	9,661	150	1,408,705	9,391
Iowa	3.47	13,585	152	1,347,352	8,864	272	2,512,709	9,238
Kansas	2.24	9,707	94	852,420	9,068	177	1,553,674	8,778
Kentucky	3.50	4,200	102	867,470	8,505	254	2,010,298	7,915
Louisiana	3.95	3,758	305	1,533,051	5,026	538	2,790,591	5,187
Maine	0.09	4,010	8	34,792	4,349	18	66,363	3,687
Maryland	0.47	8,099	29	184,577	6,365	56	340,967	6,089
Massachusetts	0.07	13,301	2	9,710	4,855	6	31,211	5,202
Michigan	1.15	5,359	47	447,406	9,519	104	837,712	8,055
Minnesota	2.25	7,629	102	876,265	8,591	196	1,642,194	8,379
Mississippi	6.72	2,600	567	2,561,764	4,518	1,166	4,742,348	4,067
Missouri	3.32	4,679	183	1,286,669	7,031	368	2,427,864	6,597
Montana	0.39	8,710	14	146,381	10,456	27	271,343	10,050
Nebraska	2.07	11,399	76	802,200	10,555	151	1,488,111	9,855
Nevada	0.02	15,022	1	8,000	8,000	3	27,050	9,017
New Hampshire	0.04	4,964	1	7,300	7,300	4	23,665	5,916
New Jersey	0.19	13,889	8	65,486	8,186	23	183,937	7,997

Table 7. (Continued)

State and Territory (1)	Relative Farm Population and Prevalence of Tenancy A/ (2)	Average Value of Farms of 30 Acres or More 1940 (3)	Fiscal Year 1940			Fiscal Years 1938-39-40		
			Number of Borrowers (10)	Amount of Loans Approved for 1939-40 Borrowers (11)	Average Per Borrower (12)	Number of Borrowers (13)	Amount of Loans Approved Inception Through 6/30/40 (14)	Average Per Borrower (15)
New Mexico	0.26	7,239	10	101,005	10,100	22	188,782	8,581
New York	0.80	7,561	56	295,579	5,278	105	563,846	5,370
North Carolina	5.53	3,733	341	1,711,733	5,020	708	3,425,066	4,838
North Dakota	1.08	7,311	59	418,558	7,094	115	764,717	6,650
Ohio	2.35	7,367	103	909,923	8,834	205	1,710,158	8,342
Oklahoma	4.49	4,482	242	1,728,479	7,142	505	3,245,734	6,427
Oregon	0.39	11,796	17	149,825	8,813	32	282,100	8,816
Pennsylvania	1.25	6,383	68	484,699	7,128	166	1,054,351	6,352
Rhode Island	0.02	13,542	1	4,436	4,436	2	8,883	4,442
South Carolina	4.26	3,079	378	1,652,275	4,371	729	3,060,084	4,198
South Dakota	1.26	7,191	63	482,764	7,663	116	888,105	7,656
Tennessee	4.36	3,543	220	1,471,144	6,687	481	2,939,970	6,112
Texas	9.62	6,943	512	3,723,016	7,272	1,048	6,980,896	6,661
Utah	0.15	8,436	8	59,629	7,454	18	133,134	7,396
Vermont	0.10	5,122	6	37,452	6,242	10	69,202	6,920
Virginia	2.24	5,137	117	773,304	6,609	265	1,507,565	5,689
Washington	0.48	13,391	22	186,486	8,477	46	350,138	7,612
West Virginia	1.05	3,370	48	297,545	6,199	96	585,741	6,101
Wisconsin	1.39	6,957	68	540,775	7,953	128	1,009,645	7,888
Wyoming	0.13	10,997	6	46,775	7,796	14	117,775	8,412
Alaska	0.01	0	0	0	0	0	0	0
Hawaii	0.85	0	61	327,870	5,375	106	533,867	5,036
Puerto Rico	1.43	0	65	310,845	4,782	97	476,860	4,916

A/ This is an index of farm population and prevalence of tenancy for each state.
B/ Continental United States, Alaska, Hawaii, and Puerto Rico.
C/ Forty-eight states only.
D/ Less than 0.005.

TABLE 8. FARM TENANCY: AVERAGE VALUE OF FARMS OF 30 ACRES OR MORE; NUMBER OF BORROWERS, AVERAGE LOAN AND NUMBER OF LOANS APPROVED BY SIZE OF LOAN AS OF JUNE 30, 1940

STATE	FARMS OF 30 ACRES OR MORE AVERAGE VALUE PER FARM 1940	NUMBER OF BORROWERS INCEPTION THROUGH 6/30/40	AVERAGE AMOUNT OF LOAN PER BORROWER	NUMBER OF LOANS APPROVED BY SIZE OF LOAN: 0 TO $1,999	$2,000 TO $2,499	$2,500 TO $2,999	$3,000 TO $3,999	$4,000 TO $4,999	$5,000 TO $5,999	$6,000 TO $6,999	$7,000 TO $7,999	$8,000 TO $8,999	$9,000 TO $9,999	$10,000 TO $10,999	$11,000 TO $11,999	$12,000 AND OVER
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
	DOLLARS	NUMBER	DOLLARS	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER
CONTINENTAL U.S., HAWAII & PUERTO RICO A/	6,901 B/	12,234	5,721	85	241	570	2,345	2,718	1,954	1,203	868	682	516	421	380	251
ALABAMA	2,135	1,115	4,141	16	30	91	384	382	161	38	7	3	1	1	1	-
ALASKA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ARIZONA	14,305	13	7,164	-	-	-	-	-	3	4	4	-	1	-	1	-
ARKANSAS	2,352	826	4,464	5	16	63	240	242	177	52	15	6	3	4	2	1
CALIFORNIA	33,458	83	8,258	-	-	-	-	5	3	6	22	20	16	5	6	-
COLORADO	9,016	66	9,396	-	-	-	-	1	2	3	12	10	11	9	10	8
CONNECTICUT	15,328	7	7,077	-	-	-	-	1	1	1	2	-	1	1	-	-
DELAWARE	6,848	18	4,863	-	1	1	5	3	5	1	1	-	-	1	-	-
DIST. OF COLUMBIA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FLORIDA	8,549	114	4,097	1	-	7	41	57	7	1	-	-	-	-	-	-
GEORGIA	2,369	1,203	3,953	10	46	107	473	399	151	14	3	-	-	-	-	-
IDAHO	8,799	31	9,621	-	-	-	-	-	-	1	2	10	3	9	3	3
ILLINOIS	13,553	231	10,266	-	-	-	1	2	9	14	18	18	18	33	54	64
INDIANA	7,601	150	9,391	-	-	1	1	3	9	10	18	16	22	17	32	21
IOWA	13,585	272	9,238	-	1	3	4	6	13	24	26	40	38	37	36	44
KANSAS	9,707	177	8,778	-	-	-	2	4	10	26	21	30	29	23	21	11
KENTUCKY	4,200	254	7,915	-	-	1	6	15	32	40	34	35	34	39	16	2
LOUISIANA	3,758	538	5,187	-	1	11	98	180	161	44	12	5	3	5	12	6
MAINE	4,010	18	3,687	-	4	4	6	-	2	1	1	-	-	-	-	-
MARYLAND	8,099	56	6,089	2	1	3	9	5	7	9	3	10	3	4	-	-
MASSACHUSETTS	13,301	6	5,202	-	-	-	-	3	2	-	1	-	-	-	-	-

TABLE 8. (CONTINUED)

STATE	FARMS OF 30 ACRES OR MORE AVERAGE VALUE PER FARM 1940	NUMBER OF BORROWERS INCEPTION THROUGH 6/30/40	AVERAGE AMOUNT OF LOAN PER BORROWER	NUMBER OF LOANS APPROVED BY SIZE OF LOAN: 0 TO $1,999	$2,000 TO $2,499	$2,500 TO $2,999	$3,000 TO $3,999	$4,000 TO $4,999	$5,000 TO $5,999	$6,000 TO $6,999	$7,000 TO $7,999	$8,000 TO $8,999	$9,000 TO $9,999	$10,000 TO $10,999	$11,000 TO $11,999	$12,000 AND OVER
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
	DOLLARS	NUMBER	DOLLARS	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER
MICHIGAN	5,359	104	8,055	–	–	–	7	7	8	17	10	16	11	8	13	7
MINNESOTA	7,629	196	8,379	–	–	1	9	11	21	21	23	17	29	23	20	21
MISSISSIPPI	2,600	1,166	4,067	33	71	124	347	332	186	50	18	5	–	–	–	–
MISSOURI	4,679	368	6,597	–	1	5	14	41	82	76	72	47	24	5	1	–
MONTANA	8,710	27	10,050	–	–	–	–	–	–	–	2	5	7	2	9	2
NEBRASKA	11,399	151	9,855	–	–	–	–	1	2	4	18	21	25	28	41	11
NEVADA	15,022	3	9,017	–	–	–	–	–	–	–	1	1	–	–	–	1
NEW HAMPSHIRE	4,964	4	5,916	–	–	–	1	1	–	1	1	–	–	–	–	–
NEW JERSEY	13,889	23	7,997	–	–	–	–	2	1	5	3	4	4	2	1	1
NEW MEXICO	7,239	22	8,581	–	–	–	–	1	4	1	2	4	1	5	4	–
NEW YORK	7,561	105	5,370	–	–	2	15	29	25	22	7	3	2	–	–	–
NORTH CAROLINA	3,733	708	4,838	5	18	33	139	211	172	72	42	13	2	–	1	–
NORTH DAKOTA	7,311	115	6,650	–	–	–	8	14	16	30	24	11	6	5	1	–
OHIO	7,367	205	8,342	–	1	–	1	13	23	13	25	43	37	29	19	1
OKLAHOMA	4,482	505	6,427	1	8	12	47	77	64	96	80	58	32	17	8	5
OREGON	11,796	32	8,816	–	–	–	–	–	2	2	3	11	6	6	2	–
PENNSYLVANIA	6,383	166	6,352	–	1	1	13	31	34	28	18	17	15	6	2	–
RHODE ISLAND	13,542	2	4,442	–	–	–	–	2	–	–	–	–	–	–	–	–
SOUTH CAROLINA	3,079	729	4,198	9	23	63	227	256	118	26	7	–	–	–	–	–
SOUTH DAKOTA	7,191	116	7,656	–	2	1	5	10	10	17	20	20	9	8	7	7
TENNESSEE	3,543	481	6,112	–	2	8	39	77	113	121	56	29	15	10	10	1
TEXAS	6,943	1,048	6,661	–	5	12	96	142	193	173	155	107	71	48	29	17
UTAH	8,436	18	7,396	–	–	–	–	–	2	5	4	5	1	1	–	–
VERMONT	5,122	10	6,920	–	–	–	–	–	3	3	2	1	1	–	–	–
VIRGINIA	5,137	265	5,689	1	2	7	49	69	36	39	26	11	11	9	3	2

STATE	FARMS OF 30 ACRES OR MORE AVERAGE VALUE PER FARM 1940	NUMBER OF BORROWERS INCEPTION THROUGH 6/30/40	AVERAGE AMOUNT OF LOAN PER BORROWER	NUMBER OF LOANS APPROVED BY SIZE OF LOAN: 0 TO $1,999	$2,000 TO $2,499	$2,500 TO $2,999	$3,000 TO $3,999	$4,000 TO $4,999	$5,000 TO $5,999	$6,000 TO $6,999	$7,000 TO $7,999	$8,000 TO $8,999	$9,000 TO $9,999	$10,000 TO $10,999	$11,000 TO $11,999	$12,000 AND OVER
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
	DOLLARS	NUMBER	DOLLARS	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER
WASHINGTON	13,391	46	7,612	–	–	–	–	–	3	17	8	9	5	3	1	–
WEST VIRGINIA	3,370	96	6,101	–	–	3	10	22	20	13	10	8	4	3	1	2
WISCONSIN	6,957	128	7,888	1	–	–	5	16	17	15	14	11	12	12	13	12
WYOMING	10,997	14	8,412	–	–	–	–	–	1	3	2	1	3	3	–	1
HAWAII	–	106	5,036	–	4	3	23	18	27	21	9	1	–	–	–	–
PUERTO RICO	–	97	4,916	1	3	3	20	27	16	23	4	–	–	–	–	–

A/ EXCLUDING DISTRICT OF COLUMBIA.
B/ FORTY-EIGHT STATES ONLY.

Table 9. Farm Tenancy: Average Area of All Farms of 30 Acres or More, Number of Borrowers, Average Loan and Number of Farms to be Purchased, By Acreage Groups as of June 30, 1940

State and Territory (1)	Farms of 30 Acres or More: Average Area Per Farm 1935 (2)	Number of Borrower's Inception Through June 30,1940 (3)	Farms To Be Purchased: Acreage Area Per Farm (4)	Farms To Be Purchased, By Acreage Groups: 0 To 29.99 Acres (5)	30 To 39.99 Acres (6)	40 To 79.99 Acres (7)	80 To 119.99 Acres (8)	120 to 159.99 Acres (9)	160 To 239.99 Acres (10)	240 To 319.99 Acres (11)	320 Acres and Over (12)
	Acres	Number	Acres	Number	Number	Number	Number	Number	Number	Number	Number
CONTINENTAL U.S., HAWAII AND PUERTO RICO A/	206 B/	12,234	136.6	120	97	2,067	3,956	2,618	2,484	404	488
Alabama	103	1,115	109.4			163	559	241	132	16	4
Arizona	1,448	13	60.2	1		8	4				
Arkansas	103	826	106.7		1	206	334	146	116	20	3
California	416	83	46.8	7	10	60	6				
Colorado	561	66	243.0			7	18	7	18	3	13
Connecticut	111	7	75.4	2		2	1	1	1		
Delaware	113	18	127.4			3	5	5	5		
Florida	153	114	142.3		3	10	22	24	49	4	2
Georgia	122	1,203	131.4		3	114	459	365	223	29	10
Idaho	265	31	101.3			3	20	2	6		
Illinois	158	231	138.0			7	75	74	67	5	3
Indiana	124	150	115.6			8	70	51	21		
Iowa	172	272	139.3			4	67	97	94	9	1
Kansas	307	177	246.2				1	17	91	25	43
Kentucky	108	254	125.3			21	105	88	33	7	
Louisiana	113	538	81.5		11	311	150	27	26	12	1
Maine	131	18	126.8			1	7	5	5		
Maryland	133	56	146.1		1	6	14	7	26	2	
Massachusetts	112	6	115.5			1	2	2	1		
Michigan	109	104	126.1	2		4	26	43	29		
Minnesota	175	196	183.6			1	11	40	105	26	13
Mississippi	117	1,166	95.2	1	2	439	419	189	111	3	2

State and Territory (1)	Farms of 30 Acres or More Average Area Per Farm 1935 (2)	Number of Borrower's Inception Through June 30,1940 (3)	Farms To Be Purchased Acreage Area Per Farm (4)	Farms To Be Purchased, By Acreage Groups: 0 To 29.99 Acres (5)	30 To 39.99 Acres (6)	40 To 79.99 Acres (7)	80 to 119.99 Acres (8)	120 to 159.99 Acres (9)	160 To 239.99 Acres (10)	240 To 319.99 Acres (11)	320 Acres and Over (12)
	Acres	Number	Acres	Number	Number	Number	Number	Number	Number	Number	Number
Missouri	147	368	164.0			9	55	86	187	24	7
Montana	1,001	27	400.7			1	4		9	4	9
Nebraska	377	151	286.3				22	14	66	5	44
Nevada	1,187	3	373.3						1		2
New Hampshire	150	4	112.0			1	1	2			
New Jersey	109	23	111.4			3	11	6	3		
New Mexico	1,323	22	255.8			1	8	1			12
New York	132	105	149.7			6	32	33	25	6	3
North Carolina	96	708	102.1	3	8	244	255	118	64	12	4
North Dakota	475	115	521.0					3	1	5	106
Ohio	113	205	112.1			15	113	56	21		
Oklahoma	187	505	181.0			15	63	81	258	39	49
Oregon	402	32	136.0			6	12	6	3	3	2
Pennsylvania	107	166	130.5			12	77	45	27	2	3
Rhode Island	116	2	24.5	2							
South Carolina	114	729	114.9	3	5	150	311	157	83	13	7
South Dakota	463	116	533.4				1	3	34	5	73
Tennessee	103	481	132.7			60	188	126	81	20	6
Texas	341	1,048	160.7	2	8	50	249	316	309	66	48
Utah	314	18	80.6	1	1	9	4	2	1		
Vermont	179	10	187.0				2	1	4	3	
Virginia	132	265	153.3		1	32	81	51	71	18	11
Washington	323	46	147.9		1	15	11	2	6	5	6
West Virginia	123	96	149.3			5	33	23	28	7	
Wisconsin	128	128	136.5			5	33	50	35	5	
Wyoming	1,694	14	176.6				3	3	7		1
Hawaii		106	28.5	83	7	8	5	1	1	1	
Puerto Rico		97	46.2	13	35	41	7	1			

A/ Excluding District of Columbia. B/ Forty-eight States Only.

Table 10. Farm Tenancy Loans: Number of Borrowers, Amount of Loans and Proposed Expenditures By Borrowers, For Whom Loans Were Approved, From Inception of Program Through June 30, 1940

State and Territory (1)	Number of Borrowers (2)	Amount of Loans Approved Inception Through June 30, 1940 (3)	Amount Borne By Borrowers (4)	Proposed Expenditures By Borrowers, By Purposes A/				
				Purchase of Farm and Incidental Costs (5)	Land Improvement (6)	Buildings Other Than Dwellings (7)	Dwellings New (8)	Dwellings Repairs (9)
U. S. TOTAL	12,234	$69,988,023	$244,077	$53,117,011	$1,810,031	$5,713,230	$6,852,674	$2,739,153
Alabama	1,115	4,616,680	14,966	2,993,276	158,861	452,723	856,809	169,974
Arizona	13	93,138	0	84,923	0	1,900	3,800	2,515
Arkansas	826	3,687,662	507	2,306,599	95,167	368,683	741,436	176,282
California	83	685,394	0	577,526	24,043	24,725	30,000	29,101
Colorado	66	620,145	4,637	499,948	18,906	45,767	26,477	33,684
Connecticut	7	49,537	805	46,060	0	3,778	0	504
Delaware	18	87,536	50	76,418	0	8,798	0	2,370
Dist. of Columbia	0	0	0	0	0	0	0	0
Florida	114	467,035	410	278,073	22,318	40,107	110,108	16,840
Georgia	1,203	4,755,921	7,394	3,089,288	168,118	432,314	774,832	298,761
Idaho	31	298,256	0	247,253	4,192	17,249	13,187	16,375
Illinois	231	2,371,358	25,041	2,096,010	58,172	165,328	10,490	66,400
Indiana	150	1,408,705	7,179	1,227,594	25,159	102,344	18,102	42,686
Iowa	272	2,512,709	40,763	2,288,773	20,068	171,886	6,515	66,231
Kansas	177	1,553,674	4,360	1,364,204	10,079	99,680	18,232	65,839
Kentucky	254	2,010,298	7,683	1,709,902	107,792	107,527	38,526	54,234
Louisiana	538	2,790,591	1,645	1,637,521	149,670	278,578	699,410	27,057
Maine	18	66,363	0	54,470	156	8,170	0	3,568
Maryland	56	340,966	350	294,534	3,145	29,561	1,800	12,276
Massachusetts	6	31,211	386	26,950	350	3,155	0	1,142
Michigan	104	837,712	3,877	736,450	6,588	66,542	1,850	30,159
Minnesota	196	1,642,194	20,714	1,502,267	2,217	113,112	8,425	36,888
Mississippi	1,166	4,742,348	285	2,998,835	107,094	448,439	1,026,117	162,147
Missouri	368	2,427,864	4,648	1,985,981	66,253	230,721	46,399	103,158
Montana	27	271,343	0	194,435	3,808	32,078	34,522	6,501
Nebraska	151	1,488,111	5,531	1,326,469	13,968	90,374	17,320	45,511

Table 10. (Continued)

State and Territory (1)	Number of Borrowers (2)	Amount of Loans Approved Inception Through June 30, 1940 (3)	Amount Borne By Borrowers (4)	Proposed Expenditures By Borrowers, By Purposes A/				
				Purchase of Farm and Incidental Costs (5)	Land Improvement (6)	Buildings Other Than Dwellings (7)	Dwellings	
							New (8)	Repairs (9)
Nevada	3	27,050	0	25,150	229	297	0	1,374
New Hampshire	4	23,665	0	18,925	1,196	2,617	0	927
New Jersey	23	183,937	0	169,186	425	10,213	0	4,114
New Mexico	22	188,782	0	137,185	5,466	17,053	26,683	2,396
New York	105	563,846	770	484,632	1,015	52,605	400	25,964
North Carolina	708	3,425,066	3,571	2,508,162	47,429	369,843	254,398	248,804
North Dakota	115	764,717	15	611,923	7,283	66,482	37,395	41,648
Ohio	205	1,710,158	18,031	1,511,008	33,083	123,282	4,950	55,867
Oklahoma	505	3,245,734	18,045	2,624,246	76,265	226,504	249,062	87,702
Oregon	32	282,100	195	229,117	10,003	20,926	4,700	17,549
Pennsylvania	166	1,054,351	1,777	909,170	11,292	107,593	2,190	25,884
Rhode Island	2	8,883	0	5,694	0	3,107	0	82
South Carolina	729	3,060,084	5,504	2,056,074	52,101	290,423	471,271	195,717
South Dakota	116	888,105	1,814	752,009	12,084	70,259	25,700	29,867
Tennessee	481	2,939,970	3,056	2,312,442	114,277	202,756	172,763	140,787
Texas	1,048	6,980,897	20,656	5,308,837	254,146	413,420	833,171	191,978
Utah	18	133,134	0	114,297	180	5,913	7,304	5,440
Vermont	10	69,202	0	63,470	0	3,217	0	2,515
Virginia	265	1,507,565	2,588	1,191,261	51,019	125,788	50,426	91,659
Washington	46	350,138	550	306,492	2,394	14,072	9,893	17,837
West Virginia	96	585,741	0	461,721	20,770	60,256	8,840	34,155
Wisconsin	128	1,009,645	10,418	887,001	3,110	101,718	4,600	23,634
Wyoming	14	117,775	2,065	91,019	2,071	11,605	6,500	8,645
Alaska	0	0	0	0	0	0	0	0
Hawaii	106	533,867	3,641	284,202	26,103	65,942	154,156	7,105
Puerto Rico	97	476,860	150	410,029	11,966	3,800	43,915	7,300

A/ To be Financed by Farm Tenant Loans or Borne by Borrowers.

Table 11. Farm Tenancy: Estimated Distribution of Loans By States, Fiscal Years 1941 and 1942

State and Territory (1)	Relative Farm Population and Prevalence of Tenancy A/ (2)	Average Value of Farms of 30 Acres or More 1940 (3)	Fiscal Year 1941 Number of Borrowers (4)	Fiscal Year 1941 Amount of Loans (5)	Fiscal Year 1941 Average Per Borrower (6)	Fiscal Year 1942 Number of Borrowers (7)	Fiscal Year 1942 Amount of Loans (8)	Fiscal Year 1942 Average Per Borrowers (9)
	Percent	Dollars	Number	Dollars	Dollars	Number	Dollars	Dollars
U. S. TOTAL B/	100.00	C/6,901	9,045	50,000,000	5,528	9,045	50,000,000	5,528
Alabama	6.46	2,135	750	3,227,648	4,000	750	3,227,648	4,000
Arizona	0.13	14,305	9	64,317	7,000	9	64,317	7,000
Arkansas	5.11	2,352	620	2,556,589	4,000	620	2,556,589	4,000
California	0.95	33,458	60	476,982	8,000	60	476,982	8,000
Colorado	0.78	9,016	44	388,892	8,500	44	388,892	8,500
Connecticut	0.08	15,328	5	37,727	7,500	5	37,727	7,500
Delaware	0.12	6,848	14	61,006	4,500	14	61,006	4,500
Dist. of Columbia	D/	0	0	455	0	0	455	0
Florida	0.64	8,549	80	323,134	4,000	80	323,134	4,000
Georgia	6.66	2,369	830	3,329,751	4,000	830	3,329,751	4,000
Idaho	0.41	8,799	20	204,739	10,000	20	204,739	10,000
Illinois	3.27	13,553	170	1,634,926	10,000	170	1,634,926	10,000
Indiana	1.95	7,601	100	973,135	10,000	100	973,135	10,000
Iowa	3.47	13,585	195	1,733,357	9,000	195	1,733,357	9,000
Kansas	2.24	9,707	130	1,117,910	8,500	130	1,117,910	8,500
Kentucky	3.50	4,200	220	1,751,704	8,000	220	1,751,704	8,000
Louisiana	3.95	3,758	370	1,976,289	5,500	370	1,976,289	5,500
Maine	0.09	4,010	13	46,009	4,000	13	46,009	4,000
Maryland	0.47	8,099	45	237,246	5,500	45	237,246	5,500
Massachusetts	0.07	13,301	7	36,536	5,000	7	36,536	5,000
Michigan	1.15	5,359	80	576,553	7,000	80	576,553	7,000
Minnesota	2.25	7,629	135	1,126,304	8,500	135	1,126,304	8,500
Mississippi	6.72	2,600	935	3,359,073	3,500	935	3,359,073	3,500
Missouri	3.32	4,679	260	1,657,830	6,500	260	1,657,830	6,500
Montana	0.39	8,710	20	195,272	9,500	20	195,272	9,500
Nebraska	2.07	11,399	110	1,033,556	7,500	110	1,033,556	7,500
Nevada	0.02	15,022	1	7,997	8,000	1	7,997	8,000
New Hampshire	0.04	4,964	4	20,033	5,000	4	20,033	5,000
New Jersey	0.19	13,889	12	92,777	8,500	12	92,777	8,500

Table 11. (Continued)

State and Territory (1)	Relative Farm Population and Prevalence of Tenancy A/ (2)	Average Value of Farms of 30 Acres or More 1940 (3)	Fiscal Year 1941 Number of Borrowers (4)	Fiscal Year 1941 Amount of Loans (5)	Fiscal Year 1941 Average Per Borrower (6)	Fiscal Year 1942 Number of Borrowers (7)	Fiscal Year 1942 Amount of Loans (8)	Fiscal Year 1942 Average Per Borrowers (9)
	Percent	Dollars	Number	Dollars	Dollars	Number	Dollars	Dollars
New Mexico	0.26	7,239	15	129,890	8,500	15	129,890	8,500
New York	0.80	7,561	75	402,174	5,500	75	402,174	5,500
North Carolina	5.53	3,733	575	2,766,491	5,000	575	2,766,491	5,000
North Dakota	1.08	7,311	85	544,339	6,000	85	544,339	6,000
Ohio	2.35	7,367	145	1,176,299	8,000	145	1,176,299	8,000
Oklahoma	4.49	4,482	380	2,243,872	6,000	380	2,243,872	6,000
Oregon	0.39	11,796	20	194,893	10,000	20	194,893	10,000
Pennsylvania	1.25	6,383	105	623,097	6,000	105	623,097	6,000
Rhode Island	0.02	13,542	2	10,838	5,500	2	10,838	5,500
South Carolina	4.26	3,079	495	2,129,797	4,500	495	2,129,797	4,500
South Dakota	1.26	7,191	85	628,502	7,500	85	628,502	7,500
Tennessee	4.36	3,543	370	2,182,374	6,000	370	2,182,374	6,000
Texas	9.62	6,943	768	4,808,767	6,000	768	4,808,767	6,000
Utah	0.15	8,436	10	74,364	7,500	10	74,364	7,500
Vermont	0.10	5,122	8	48,266	6,000	8	48,266	6,000
Virginia	2.24	5,137	220	1,121,975	5,000	220	1,121,975	5,000
Washington	0.48	13,391	35	242,491	7,000	35	242,491	7,000
West Virginia	1.05	3,370	85	523,399	6,000	85	523,399	6,000
Wisconsin	1.39	6,957	90	695,400	8,000	90	695,400	8,000
Wyoming	0.13	10,997	8	62,674	8,000	8	62,674	8,000
Alaska	0.01	0	0	2,715	0	0	2,715	0
Hawaii	0.85	0	90	424,026	4,500	90	424,026	4,500
Puerto Rico	1.43	0	140	715,610	5,000	140	715,610	5,000

A/ This is an index of farm population and prevalence of tenancy for each state expressed as a percentage of the total for the United States, Alaska, Hawaii and Puerto Rico.
B/ Continental U. S., Alaska, Hawaii and Puerto Rico.
C/ Forty-eight States only.
D/ Less than 0.005.

Table 12. Value of the average farm unit of thirty acres and more in counties and parishes in which loans for the purchase of farms pursuant to the provision of Title I of the Bankhead-Jones Farm Tenant Act may be made, as determined by the Administrator pending issuance of statistics of the 1940 farm census.

State	County	Value	County	Value	County	Value
ALABAMA	Autauga	$ 1963	Dallas	$ 2358	Madison	$ 3689
	Barbour	1366	DeKalb	1866	Marengo	2395
	Blount	1715	Elmore	2379	Marion	1270
	Bullock	1230	Escambia	2672	Marshall	2472
	Butler	1935	Etowah	2532	Monroe	2511
	Calhoun	2149	Fayette	1448	Montgomery	4434
	Chambers	1658	Franklin	1738	Morgan	2698
	Cherokee	2243	Geneva	2279	Perry	2185
	Chilton	1742	Greene	1943	Pickens	1592
	Choctaw	1667	Hale	2867	Pike	1549
	Clarke	1417	Henry	2399	Randolph	1392
	Clay	1309	Houston	2482	Russell	1696
	Cleburne	1462	Jackson	2228	Shelby	2068
	Colbert	3908	Lamar	1297	Sumter	2186
	Conecuh	1842	Lauderdale	2676	Talladega	2133
	Covington	1899	Lawrence	2434	Tallapoosa	1651
	Crenshaw	1480	Lee	1574	Tuscaloosa	2053
	Cullman	1882	Limestone	3291	Walker	1724
	Dale	1870	Lowndes	1826	Wilcox	3105
			Macon	1964		
ARIZONA	Maricopa	*	Yuma	*		
ARKANSAS	Arkansas	4590	Fulton	1501	Newton	980
	Ashley	2400	Grant	1502	Ouachita	1827
	Baxter	1738	Greene	1934	Perry	1295
	Benton	3024	Hempstead	2108	Phillips	3230
	Boone	2217	Hot Spring	1411	Pike	1442
	Bradley	1493	Howard	1506	Poinsett	3436
	Calhoun	2028	Independence	1860	Polk	1377
	Carroll	2095	Izard	1451	Pope	1884
	Chicot	3394	Jackson	3280	Prairie	3251
	Clark	1920	Jefferson	3860	Pulaski	5375
	Clay	1924	Johnson	1539	Randolph	1944
	Cleburne	1357	Lafayette	2681	St. Francis	4105
	Cleveland	1190	Lawrence	2165	Saline	1567
	Conway	1794	Lee	2486	Scott	1538
	Craighead	2542	Lincoln	2550	Searcy	1214
	Crawford	1914	Little River	1870	Sebastian	1879
	Crittenden	6957	Logan	1882	Sevier	1596
	Cross	3150	Lonoke	2979	Sharp	1435
	Dallas	1399	Madison	1544	Stone	1047
	Desha	3169	Marion	1382	Van Buren	1153
	Drew	1763	Miller	2939	Washington	2898
	Faulkner	1548	Mississippi	5430	White	1547
	Franklin	1503	Monroe	2547	Woodruff	2375
			Nevada	1784	Yell	1925

* In excess of $12,000

State	County	Value	County	Value	County	Value
CALIFORNIA	Butte	*	Merced	*	Stanislaus	*
	Imperial	*	Sacramento	*	Tehama	*
	Kern	*	San Bernardino	*	Tulare	*
			San Joaquin	*		
COLORADO	Adams	$11630	La Plata	$ 4760	Prowers	$ 8175
	Bent	8500	Larimer	*	Routt	5937
	Crowley	9188	Logan	9938	Rio Grande	*
	Elbert	6240	Mesa	8890	Sedgwick	*
	Kit Carson	5567	Otero	10465	Weld	10547
CONNECTICUT	Hartford	*	Tolland	7916		
	Litchfield	*	Windham	6940		
DELAWARE	Kent	5565	New Castle	*	Sussex	3595
FLORIDA	Alachua	3468	Hillsborough	10799	Palm Beach	*
	Broward	*	Holmes	1556	Polk	*
	Columbia	1750	Jackson	1964	Santa Rosa	2380
	Escambia	3925	Jefferson	2052	Sumter	2716
	Gadsden	3013	Levy	1911	Suwanee	1749
	Hardee	8726	Madison	1594	Union	1905
			Marion	5728	Washington	1390
GEORGIA	Appling	2511	Dade	1889	Irwin	2945
	Atkinson	2600	Dawson	1247	Jackson	1908
	Bacon	1961	Decatur	2312	Jeff Davis	2330
	Baker	1356	Dodge	1987	Jefferson	2003
	Baldwin	2101	Dooly	2852	Jenkins	2830
	Banks	1585	Dougherty	7245	Johnson	1582
	Barrow	1950	Douglas	1703	Lamar	3459
	Bartow	3394	Early	1765	Lanier	2976
	Ben Hill	3320	Elbert	2072	Laurens	1971
	Berrien	2392	Emanuel	2134	Lee	2854
	Bleckley	1968	Evans	1885	Lincoln	1311
	Brooks	2494	Fayette	1740	Lowndes	3591
	Bullock	2446	Floyd	2741	Lumpkin	1257
	Burke	1977	Forsyth	1651	McDuffie	1514
	Butts	1917	Franklin	1888	Macon	3767
	Calhoun	1788	Fulton	3650	Madison	2002
	Candler	2406	Gilmer	1338	Meriwether	2205
	Carroll	2094	Glascock	1676	Miller	1668
	Catoosa	2372	Gordon	2649	Mitchell	2266
	Chattooga	2329	Grady	2411	Monroe	2147
	Cherokee	1722	Greene	1667	Montgomery	3041
	Clarke	3691	Gwinnett	1750	Morgan	2130
	Clay	2322	Habersham	2842	Murray	2270
	Cobb	2674	Hall	1967	Newton	2394
	Coffee	2835	Hancock	1502	Oconee	2303
	Colquitt	2871	Haralson	1771	Oglethorpe	1945
	Columbia	2115	Hart	1832	Paulding	1532
	Cook	2933	Heard	1562	Peach	5269
	Coweta	2123	Henry	2266	Pierce	3009
	Crisp	2862	Houston	4386	Pike	2244

State	County	Value	County	Value	County	Value
GEORGIA (Continued)	Polk	$ 2631	Taliaferro	$ 1237	Upson	$ 3326
	Pulaski	2231	Tattnall	2262	Walker	3002
	Quitman	2155	Taylor	2096	Walton	2127
	Rabun	2476	Telfair	2044	Ware	2929
	Randolph	2575	Terrell	2823	Warren	1829
	Rockdale	1758	Thomas	2791	Washington	2082
	Schley	1876	Tift	3944	Webster	1928
	Screven	2667	Toombs	2000	Wheeler	2371
	Seminole	2799	Treutlen	2257	White	1606
	Spalding	2606	Troup	2094	Whitfield	2545
	Stephens	1746	Turner	2621	Wilcox	2097
	Stewart	2697	Twiggs	1921	Wilkes	1646
	Sumter	3928	Union	1162	Worth	2114
IDAHO	Bannock	8731	Canyon	7746	Idaho	8846
	Bingham	8500	Fremont	8194	Jerome	*
	Bonneville	10587	Gem	10426	Latah	10906
ILLINOIS	Adams	10027	Iroquois	*	Mercer	*
	Christian	*	Jackson	4888	Monroe	6504
	Clark	5276	Jo Daviess	10919	Montgomery	7429
	Clay	3977	Johnson	2898	Morgan	*
	Crawford	5332	La Salle	*	Ogle	*
	Cumberland	5366	Lee	*	Peoria	*
	Douglas	*	Livingston	*	Pike	9553
	Edgar	*	Macon	*	St. Clair	11220
	Ford	*	Macoupin	8211	Saline	4625
	Franklin	2884	Mason	*	Schuyler	9468
	Fulton	*	McDonough	*	Shelby	9213
	Greene	10827	McHenry	*	Vermilion	*
	Hancock	11909	McLean	*	Will	*
	Henry	*	Menard	*	Winnebago	*
INDIANA	Bartholomew	9195	Fayette	10038	Parke	6091
	Benton	*	Fountain	8723	Posey	7051
	Carroll	11197	Gibson	5721	Rush	*
	Clark	4832	Hancock	10675	Switzerland	3633
	Clinton	11803	Jasper	10530	Tippecanoe	*
	Daviess	6217	Knox	9038	Wayne	11289
	De Kalb	6197	Madison	10260	White	*
	Delaware	8397	Montgomery	9505	Whitley	6455
	Elkhart	8137	Noble	6192		
IOWA	Adair	11133	Crawford	*	Greene	*
	Audubon	*	Dallas	*	Guthrie	10864
	Benton	*	Davis	5636	Hancock	*
	Buchanan	9948	Decatur	6328	Hardin	*
	Butler	*	Delaware	11500	Harrison	*
	Cass	*	Dickinson	*	Henry	*
	Cerro Gordo	*	Emmet	*	Howard	9485
	Chickasaw	8778	Fayette	8965	Ida	*
	Clarke	7398	Floyd	11120	Iowa	11804
	Clay	*	Fremont	*	Jasper	*

State	County	Value	County	Value	County	Value
IOWA (Continued)	Jefferson	8759	Monroe	5999	Sac	*
	Jones	*	Montgomery	*	Taylor	10157
	Keokuk	9963	Muscatine	*	Warren	8800
	Kossuth	*	Osceola	*	Washington	*
	Lucas	6482	Palo Alto	*	Wayne	7674
	Marion	8578	Plymouth	*	Winnebago	*
	Monona	*	Pocahontas	*	Wright	*
KANSAS	Allen	5853	Jefferson	7588	Norton	7048
	Clay	9323	Johnson	*	Osage	6592
	Coffey	5829	Labette	4432	Ottawa	9106
	Cowley	8521	Lyon	7453	Rice	*
	Douglas	8220	Marshall	11112	Rooks	7715
	Edwards	*	Meade	*	Saline	11338
	Finney	*	Mitchell	10571	Stafford	*
	Franklin	6409	Morris	9493	Sumner	10950
	Harvey	*	Nemaha	11146	Thomas	*
	Hodgeman	*	Neosho	4440	Wallace	8159
KENTUCKY	Adair	2064	Grant	5128	Meade	3047
	Allen	1986	Graves	2416	Mercer	8132
	Anderson	4938	Greenup	2660	Monroe	2027
	Ballard	3251	Hancock	2963	Montgomery	9903
	Barren	3922	Hardin	3402	Morgan	1685
	Bath	6195	Harrison	8199	Nelson	5838
	Boone	8065	Hart	2869	Nicholas	7273
	Bourbon	*	Henderson	6429	Ohio	2088
	Boyd	6225	Henry	7060	Oldham	11576
	Boyle	11649	Hickman	2857	Owen	4703
	Bracken	4939	Hopkins	2966	Pendleton	4763
	Breckinridge	2174	Jefferson	*	Pulaski	1960
	Bullitt	4334	Jessamine	*	Robertson	5647
	Caldwell	2522	Johnson	1762	Scott	11833
	Calloway	2447	Kenton	8689	Shelby	9788
	Campbell	7936	Knox	1964	Simpson	4333
	Carlisle	2657	Larue	3535	Spencer	5184
	Carroll	5003	Laurel	2044	Taylor	2796
	Casey	1946	Lawrence	2083	Todd	4137
	Christian	4685	Lewis	2905	Trigg	2983
	Clark	*	Lincoln	4826	Trimble	3709
	Crittenden	2209	Livingston	2464	Union	9011
	Daviess	5563	Logan	4182	Warren	5306
	Fayette	*	Lyon	2444	Washington	4695
	Fleming	5315	Madison	8071	Wayne	2314
	Franklin	7072	Marion	5450	Webster	3651
	Fulton	5561	Mason	*	Whitley	1717
	Gallatin	5884	McCracken	4111	Wolfe	1738
	Garrard	7710	McLean	3425	Woodford	*
LOUISIANA	Acadia	6663	Avoyelles	3802	Caddo	5276
	Allen	2632	Beauregard	1829	Calcasieu	6007
	Ascension	4290	Bienville	1687	Caldwell	2173
	Assumption	*	Bossier	4340	Cameron	4005

State	County	Value	County	Value	County	Value
LOUISIANA (Continued)	Catahoula	$ 3436	La Fourche	$ 6169	St. Jno.Baptist	*
	Claiborne	1676	La Salle	1560	St. Landry	$ 2648
	Concordia	*	Lincoln	1786	St. Martin	2508
	De Soto	1707	Livingston	2581	St. Mary	*
	East Baton Rouge	5352	Madison	*	St. Tammany	4487
	East Carroll	10645	Morehouse	4875	Tangipahoa	3980
	East Feliciana	2884	Natchitoches	3138	Tensas	*
	Evangeline	1978	Ouachita	3909	Terrebonne	7774
	Franklin	3738	Plaquemines	6695	Union	1393
	Grant	2431	Pointe Coupee	5291	Vermilion	4261
	Iberia	3843	Rapides	4677	Vernon	1073
	Iberville	*	Red River	3379	Washington	1968
	Jackson	1491	Richland	2864	Webster	1906
	Jefferson	*	Sabine	1433	W. Baton Rouge	*
	Jefferson Davis	8361	St. Charles	8618	West Carroll	2385
	Lafayette	3843	St. Helena	1729	W. Feliciana	5059
			St. James	*	Winn	1514
MAINE	Aroostook	8218	Kennebec	3033	York	4065
			Penobscot	3134		
MARYLAND	Calvert	4907	Frederick	7186	St. Mary's	6611
	Caroline	4210	Howard	11471	Talbot	11299
	Charles	5358	Kent	11245	Washington	8305
	Dorchester	5277	Queen Annes	10525	Worcester	3731
MASSACHUSETTS	Essex	*	Franklin	6317	Worcester	8883
			Middlesex	*		
MICHIGAN	Alcona	3268	Gratiot	6499	Livingston	6099
	Allegan	5366	Hillsdale	5148	Osceola	3146
	Antrim	2674	Huron	5762	Sanilac	4150
	Berrien	8736	Isabella	4439	Sheawassee	5799
	Cass	5932	Kent	6224	Tuscola	5082
	Clinton	6634	Lenawee	7027		
MINNESOTA	Big Stone	9066	Lincoln	9025	Pope	7119
	Chippewa	10546	Lyon	11570	Renville	11262
	Clay	8187	Martin	*	Rock	*
	Fillmore	8528	Murray	11481	Roseau	3261
	Freeborn	8709	Norman	7800	Stevens	9351
	Goodhue	9082	Olmsted	9114	Todd	5201
	Grant	7864	Otter Tail	4871	Traverse	8346
	Kandiyohi	8973	Pipestone	10659	Wilkin	10213
	Lac qui Parle	*	Polk	6827	Yellow Medicine	10432
MISSISSIPPI	Adams	7318	Carroll	1913	Copiah	2096
	Alcorn	1748	Chickasaw	1528	Covington	1753
	Amite	1406	Choctaw	976	De Sota	3462
	Attala	1488	Claiborne	2804	Forrest	2879
	Benton	1616	Clarke	1263	Franklin	1648
	Bolivar	5565	Clay	3049	George	2056
	Calhoun	1407	Coahoma	9656	Greene	1837

State	County	Value	County	Value	County	Value
MISSISSIPPI (Continued)	Grenada	$ 2451	Leflore	$ 5852	Sharkey	$ 6334
	Hancock	1943	Lincoln	1397	Simpson	1499
	Harrison	4733	Lowndes	2665	Smith	1477
	Hinds	2809	Madison	2913	Stone	2067
	Holmes	2672	Marion	1537	Sunflower	5158
	Humphreys	5269	Marshall	1597	Tallahatchie	4676
	Issaquena	7362	Monroe	2464	Tate	1572
	Itawamba	1378	Montgomery	1876	Tippah	1569
	Jackson	2980	Neshoba	1696	Tishomingo	1393
	Jasper	1592	Newton	1730	Tunica	7983
	Jefferson	2453	Noxubee	2294	Union	1767
	Jefferson Davis	1952	Oktibbeha	2325	Walthall	1668
	Jones	2100	Panola	2617	Warren	5056
	Kemper	1257	Pearl River	4937	Washington	9689
	Lafayette	1582	Perry	1572	Wayne	1546
	Lamar	2134	Pike	1700	Webster	1465
	Lauderdale	1959	Pontotoc	1558	Wilkinson	3430
	Lawrence	1530	Prentiss	1473	Winston	1337
	Leake	1619	Quitman	4021	Yalobusha	1647
	Lee	2252	Rankin	2076	Yazoo	3467
			Scott	1661		
MISSOURI	Adair	4072	Gentry	5228	New Madrid	3294
	Andrew	7331	Grundy	4278	Newton	3179
	Audrain	4870	Harrison	5077	Nodaway	8430
	Barry	2417	Henry	4705	Peniscot	4284
	Barton	4654	Howard	5028	Perry	4420
	Bates	5106	Howell	1975	Pettis	5467
	Boone	3669	Johnson	5816	Pike	4505
	Butler	1758	Knox	4661	Polk	3213
	Caldwell	5861	Laclede	2607	Ralls	4457
	Callaway	3817	Lafayette	9430	Ray	6551
	Carroll	6774	Lawrence	4053	St. Charles	7697
	Cass	8060	Lewis	4184	St. Clair	4007
	Chariton	5943	Lincoln	4806	Saline	9011
	Crawford	3293	Linn	5285	Scotland	4350
	Dade	3976	Livingston	6277	Scott	4515
	Daviess	5973	Miller	2822	Shelby	4744
	De Kalb	5817	Mississippi	5032	Stoddard	2421
	Dent	2102	Monroe	3820	Texas	1943
	Dunklin	3580	Montgomery	4058	Webster	2970
			Morgan	3228		
MONTANA	Carbon	8423	Lake	5933	Richland	5806
	Cascade	11701	Pondera	11218	Stillwater	6874
NEBRASKA	Brown	6497	Fillmore	11013	Nuckolls	10600
	Burt	*	Gage	*	Polk	*
	Cedar	11538	Greeley	8696	Redwillow	11593
	Chase	*	Harlan	10815	Saunders	*
	Cheyenne	10539	Howard	9008	Seward	*
	Cuming	*	Knox	8116	Sheridan	11948
	Dawson	11797	Lincoln	10195	Washington	*
	Dixon	11262	Morrill	6839	Wayne	*

State	County	Value	County	Value	County	Value
NEVADA	Churchill	$ 8463	Lyon	$11149		
NEW HAMPSHIRE	Grafton	4616	Merrimack	4855	Rockingham	$ 5614
NEW JERSEY	Burlington	11629	Cumberland	*	Salem	6555
	Camden	11226	Hunterdon	8641	Sussex	9148
			Middlesex	*		
NEW MEXICO	Chaves	10170	Eddy	11170	San Miguel	4157
	Colfax	*	Roosevelt	6959		
NEW YORK	Cattaraugus	4957	Jefferson	5761	Orleans	6907
	Cayuga	5289	Madison	5959	St. Lawrence	5222
	Chenango	4501	Onondaga	8305	Seneca	6281
	Clinton	5655	Ontario	6946	Steuben	4077
	Erie	8320	Orange	*	Washington	4832
NORTH CAROLINA	Alamance	3007	Forsyth	5700	Orange	2649
	Alexander	2616	Franklin	2874	Pamlico	5465
	Alleghany	3841	Gaston	4888	Pasquotank	5069
	Anson	2525	Gates	3620	Pender	3337
	Ashe	2975	Graham	1438	Perquimans	3962
	Avery	3246	Granville	3144	Person	2894
	Beaufort	4749	Greene	4485	Pitt	5720
	Bertie	3854	Guilford	5659	Polk	2647
	Bladen	2762	Halifax	4453	Randolph	2665
	Brunswick	2913	Harnett	4309	Richmond	3984
	Buncombe	5369	Haywood	5612	Robeson	4114
	Burke	3804	Henderson	5903	Rockingham	3166
	Cabarrus	4101	Hertford	4319	Rowan	4678
	Caldwell	3694	Hoke	3633	Rutherford	3007
	Camden	4150	Hyde	4209	Sampson	3496
	Carteret	4589	Iredell	3628	Scotland	4067
	Caswell	3097	Jackson	2366	Stanly	2792
	Catawba	3994	Johnston	3616	Stokes	2683
	Chatham	2234	Jones	4170	Surry	3340
	Cherokee	2053	Lee	3638	Swain	2290
	Chowan	5297	Lenoir	4461	Transylvania	5169
	Clay	1703	Lincoln	3517	Tyrrell	3216
	Cleveland	4150	McDowell	3081	Union	2320
	Columbus	3543	Macon	2108	Vance	3787
	Craven	4187	Madison	2473	Wake	3670
	Cumberland	3191	Martin	4735	Warren	2642
	Currituck	4370	Mecklenburg	5831	Washington	3975
	Dare	3272	Mitchell	2994	Watauga	3815
	Davidson	4336	Montgomery	2841	Wayne	5117
	Davie	3565	Moore	3574	Wilkes	2424
	Duplin	3457	Nash	3803	Wilson	4660
	Durham	4321	New Hanover	10230	Yadkin	3431
	Edgecombe	4686	Northampton	3643	Yancey	3001
			Onslow	3294		

State	County	Value	County	Value	County	Value
NORTH DAKOTA	Barnes	$ 8334	Hettinger	$ 8634	Rolette	$ 5422
	Bottineau	7661	McKenzie	5381	Stark	8231
	Bowman	6914	Mountrail	5218	Stutsman	6479
	Burleigh	6265	Pierce	7741	Traill	9978
	Eddy	7568	Ramsey	7889	Ward	6561
	Griggs	8322			Williams	5555
OHIO	Adams	3436	Gallia	2967	Morrow	4855
	Allen	7895	Geauga	8161	Muskingum	4722
	Ashland	5849	Greene	10297	Paulding	10127
	Auglaize	7552	Hancock	8351	Portage	6846
	Belmont	4559	Henry	10664	Preble	8491
	Brown	4248	Highland	5747	Ross	7857
	Butler	11648	Holmes	6836	Seneca	8464
	Champaign	8883	Huron	7059	Shelby	7544
	Clark	*	Knox	5592	Trumbull	5866
	Clinton	8616	Licking	6900	Union	6620
	Columbiana	5627	Medina	6994	Washington	3892
	Darke	6741	Mercer	7833	Wayne	8308
	Fairfield	8172	Morgan	2958	Wood	11141
	Fulton	7433			Wyandot	8338
OKLAHOMA	Adair	1533	Grant	11311	Nowata	3074
	Alfalfa	11241	Greer	6460	Okfuskee	2137
	Atoka	1384	Harmon	5737	Oklahoma	7764
	Beaver	7005	Harper	6607	Okmulgee	2319
	Beckham	4836	Haskell	1426	Osage	7814
	Blaine	6562	Hughes	2334	Ottawa	3358
	Bryan	2178	Jackson	7263	Pawnee	3172
	Caddo	5050	Jefferson	4306	Payne	4156
	Canadian	9635	Johnston	2640	Pittsburg	1823
	Carter	2264	Kay	9654	Pontotoc	2386
	Cherokee	1456	Kingfisher	8344	Pottawatomie	2934
	Choctaw	1293	Kiowa	7276	Pushmataha	962
	Cleveland	4597	Latimer	1182	Roger Mills	4727
	Coal	1882	Le Flore	1488	Rogers	3664
	Comanche	4703	Lincoln	2900	Seminole	1961
	Cotton	5052	Logan	5337	Sequoyah	1555
	Craig	3445	Love	2364	Stephens	3308
	Creek	2150	McClain	4044	Texas	10667
	Custer	6189	McCurtain	1260	Tillman	10350
	Delaware	2176	McIntosh	1870	Tulsa	6620
	Dewey	4965	Major	6173	Wagoner	2803
	Ellis	6587	Marshall	2338	Washington	3944
	Garfield	10667	Mayes	2569	Washita	6650
	Garvin	3783	Murray	3267	Woods	8481
	Grady	4825	Muskogee	2606	Woodward	5994
			Noble	6079		
OREGON	Clackamas	8842	Jackson	*	Malheur	7893
	Coos	8450	Lane	9009	Marion	*
	Deschutes	5724	Lincoln	4392	Wallowa	10168
			Linn	8627		

State	County	Value	County	Value	County	Value
PENNSYLVANIA	Bedford	$ 3730	Fayette	$ 5072	Northumberland	$ 4857
	Berks	7094	Franklin	6354	Perry	3496
	Bradford	3371	Greene	4992	Potter	3478
	Butler	5607	Lancaster	10658	Snyder	3759
	Cambria	4676	Lehigh	8596	Somerset	5632
	Centre	5152	Lycoming	4800	Susquehanna	4103
	Chester	*	Mercer	4465	Tioga	3647
	Columbia	4039	Mifflin	5560	Washington	6435
	Crawford	3956	Montgomery	*	Wayne	4451
	Cumberland	6856	Montour	5616	Westmoreland	6802
	Erie	6460			York	6002
RHODE ISLAND	Providence	*	Washington	10866		
SOUTH CAROLINA	Abbeville	1926	Darlington	3328	Lexington	2801
	Aiken	2719	Dillon	5150	McCormick	1652
	Allendale	3175	Dorchester	2616	Marion	4336
	Anderson	3166	Edgefield	2533	Marlboro	4795
	Bamberg	2396	Fairfield	1945	Newberry	2918
	Barnwell	2379	Florence	3299	Oconee	1888
	Beaufort	9809	Georgetown	3677	Orangeburg	3529
	Berkeley	3609	Greenville	3723	Pickens	2552
	Calhoun	3500	Greenwood	2716	Richland	4823
	Charleston	*	Hampton	2760	Saluda	2504
	Cherokee	2157	Horry	3316	Spartanburg	3484
	Chester	2376	Jasper	2937	Sumter	3301
	Chesterfield	2396	Kershaw	2687	Union	1984
	Clarendon	2308	Lancaster	2126	Williamsburg	2920
	Colleton	2747	Laurens	2697	York	2808
			Lee	3739		
SOUTH DAKOTA	Aurora	5822	Day	5630	Perkins	4212
	Brookings	7825	Hand	6880	Spink	9446
	Brown	9859	Kingsbury	9176	Sully	7766
	Butte	5577	Lyman	6551	Tripp	4991
	Codington	6763	Miner	6145	Union	11841
	Davison	8695	Pennington	5845	Yankton	6694
TENNESSEE	Anderson	3774	Coffee	2647	Grundy	2613
	Bedford	3921	Crockett	3128	Hamblen	5211
	Benton	1755	Cumberland	2704	Hamilton	4942
	Bledsoe	2447	Davidson	*	Hancock	2751
	Blount	4841	Decatur	1637	Hardeman	1847
	Bradley	4032	De Kalb	2345	Hardin	2238
	Campbell	4702	Dickson	2186	Hawkins	3731
	Cannon	2124	Dyer	4339	Haywood	2543
	Carroll	1939	Fayette	1804	Henderson	1583
	Carter	3556	Fentress	1696	Henry	2549
	Cheatham	3184	Franklin	3387	Hickman	2413
	Chester	1860	Gibson	3124	Houston	2234
	Claiborne	4046	Giles	3125	Humphreys	3041
	Clay	2085	Grainger	3465	Jackson	2279
	Cocke	3684	Greene	4181	Jefferson	5188

State	County	Value	County	Value	County	Value
TENNESSEE (Continued)	Johnson	$ 4267	Montgomery	$ 4276	Shelby	$ 5984
	Knox	7002	Moore	2910	Smith	3477
	Lake	9080	Morgan	1717	Stewart	2565
	Lauderdale	3862	Obion	4592	Sullivan	5572
	Lawrence	2419	Overton	1530	Sumner	4594
	Lewis	2474	Perry	3206	Tipton	2952
	Lincoln	3437	Pickett	1378	Trousdale	4537
	Loudon	4551	Polk	2858	Unicoi	3423
	McMinn	2750	Putnam	2473	Union	4345
	McNairy	1506	Rhea	3020	Van Buren	1520
	Macon	1838	Roane	3792	Warren	2148
	Madison	3657	Robertson	5303	Washington	5818
	Marion	3661	Rutherford	4303	Wayne	1831
	Marshall	3945	Scott	1366	Weakley	2289
	Maury	5113	Sequatchie	2848	White	2632
	Meigs	3699	Sevier	2883	Williamson	5474
	Monroe	2714			Wilson	3894
TEXAS	Anderson	2180	Crosby	9037	Hays	5484
	Angelina	2424	Dallas	*	Henderson	2269
	Atascosa	6484	Dawson	6508	Hidalgo	*
	Austin	4781	Delta	3865	Hill	6327
	Bandera	4021	Denton	6212	Hopkins	2060
	Bastrop	2991	De Witt	5119	Houston	2357
	Baylor	9174	Dickens	8873	Hudspeth	*
	Bee	8011	Donley	10310	Hunt	4464
	Bell	6340	Duval	6959	Irion	*
	Bexar	9207	Ellis	7447	Jackson	8743
	Blanco	7953	El Paso	2948	Jasper	2446
	Bosque	5624	Erath	3131	Jeff Davis	*
	Bowie	2831	Falls	4925	Jefferson	*
	Brazoria	10402	Fannin	4007	Jim Wells	9196
	Brazos	4173	Fayette	4299	Johnson	5333
	Brown	6412	Fisher	6868	Jones	6298
	Burleson	3662	Floyd	9597	Karnes	5763
	Burnet	6649	Foard	10103	Kaufman	4389
	Caldwell	5359	Fort Bend	7561	Kendall	9940
	Calhoun	10503	Freestone	2307	Kerr	*
	Callahan	6703	Frio	7102	Kimble	*
	Cameron	*	Garza	10990	Kleberg	*
	Camp	2052	Gillespie	8897	Knox	9346
	Cass	1675	Goliad	7845	Lamar	3474
	Cherokee	2190	Gonzales	3589	Lamb	9241
	Coke	8334	Grayson	5640	Lampasas	6444
	Coleman	7776	Grimes	2839	La Salle	11356
	Collin	5872	Guadalupe	5417	Lavaca	4587
	Collingsworth	8412	Hale	11660	Lee	2542
	Colorado	5505	Hall	7808	Leon	2684
	Comal	8540	Hamilton	6054	Liberty	3446
	Comanche	3020	Hansford	*	Limestone	4531
	Concho	*	Hardeman	7938	Lipscomb	*
	Cooke	5296	Harrison	1905	Live Oak	9955
	Coryell	4934	Haskell	8022	Llano	11975

State	County	Value	County	Value	County	Value
TEXAS (Continued)	Lubbock	$ 8496	Parmer	*	Titus	$ 1955
	Lynn	8312	Pecos	*	Tom Green	*
	McCulloch	*	Polk	$ 2301	Travis	7100
	McLennan	6205	Rains	1637	Tyler	2175
	Madison	1792	Randall	*	Upshur	1758
	Marion	1446	Red River	2595	Van Zandt	2615
	Mason	*	Reeves	*	Victoria	10162
	Matagorda	8562	Refugio	*	Walker	2127
	Medina	8427	Robertson	3186	Waller	4310
	Menard	*	Rockwall	7035	Ward	11278
	Milam	4282	Runnels	10158	Washington	3336
	Mills	4864	Sabine	1604	Webb	*
	Mitchell	8405	San Augustine	1376	Wharton	6478
	Montgomery	1806	San Jacinto	2181	Wheeler	6356
	Nacogdoches	2200	San Patricio	*	Wichita	9291
	Navarro	5660	San Saba	8702	Wilbarger	*
	Newton	1894	Schleicher	*	Willacy	6868
	Nueces	*	Shelby	1901	Williamson	8864
	Orange	6808	Smith	2490	Wilson	5016
	Palo Pinto	6435	Starr	2434	Wise	3398
	Panola	1740	Tarrant	9574	Wood	1955
	Parker	3641	Taylor	6228	Young	6070
			Throckmorton	10196		
UTAH	Box Elder	11112	Millard	4335	Utah	9541
			Sanpete	6919		
VERMONT	Addison	6484	Caledonia	4298	Franklin	6000
			Chittenden	7538		
VIRGINIA	Accomac	5857	Frederick	7202	Pittsylvania	2871
	Albermarle	9334	Giles	5902	Prince Edward	2684
	Amelia	3271	Grayson	4148	Prince George	3769
	Amherst	3870	Greensville	3126	Princess Anne	6442
	Appomattox	3616	Halifax	2651	Richmond	3811
	Augusta	9393	Hanover	4548	Rockbridge	5708
	Bedford	3498	Henry	2851	Rockingham	8786
	Brunswick	2548	Isle of Wight	3293	Russell	5459
	Buckingham	2607	Lee	4065	Scott	2873
	Campbell	3061	Loudoun	*	Shenandoah	7623
	Caroline	3281	Louisa	3017	Smyth	7027
	Carroll	2694	Lunenburg	2553	Southampton	3765
	Charlotte	2869	Madison	5419	Surry	3609
	Culpeper	7153	Mecklenburg	2953	Sussex	3614
	Cumberland	2683	Montgomery	5308	Tazewell	7903
	Dickenson	2421	Nansemond	4269	Washington	5892
	Dinwiddie	3376	Nelson	4451	Westmoreland	4689
	Essex	3814	Northampton	11170	Wise	2758
	Fluvanna	2855	Nottoway	3463	Wythe	9947
	Franklin	2711	Patrick	2284		

State	County	Value	County	Value	County	Value
WASHINGTON	Clark	$ 8310	Okanogan	$ 8876	Stevens	$ 4580
	Kittitas	11373	Pierce	*	Walla Walla	*
	Lewis	6815	Snohomish	11515	Yakima	*
			Spokane	10874		
WEST VIRGINIA	Barbour	3094	Jefferson	10962	Preston	3156
	Berkeley	8275	Lewis	4017	Putnam	2583
	Braxton	2127	Marshall	4271	Randolph	4296
	Gilmer	2832	Mason	4136	Ritchie	2481
	Grant	3897	Mineral	4353	Roane	2936
	Greenbrier	4269	Monongalia	4365	Taylor	4135
	Hampshire	2941	Monroe	4004	Tyler	2270
	Hardy	3989	Nicholas	2179	Upshur	2373
	Harrison	5052	Pendleton	4484	Wayne	1861
	Jackson	2953	Pleasants	2652	Wood	3805
			Pocahontas	3908		
WISCONSIN	Barron	5303	Iowa	9160	Richland	6511
	Burnett	3038	Lafayette	8883	St. Croix	6194
	Chippewa	5759	Langlade	4773	Sauk	7916
	Dane	9995	Marathon	6189	Shawano	6622
	Dodge	10556	Monroe	5967	Trempealeau	6472
	Fond du Lac	10033	Pierce	6011	Vernon	6378
	Grant	8458	Polk	4949	Waushara	5281
	Green	9517			Winnebago	9289
WYOMING	Goshen	8557	Platte	9228	Washakie	*
TERRITORIES						
	Alaska	*				
	Hawaii	*				
	Puerto Rico	*				

* In excess of $12,000

TABLE 13. FARM TENANCY PROGRAM COLLECTIONS AND MATURITIES AS OF JUNE 30, 1940

STATE AND TERRITORY	CUMULATIVE LOANS 7/1/37 - 6/30/40		LOANS OF WHICH PART HAS MATURED		EXTRA PAYMENTS	AMOUNT MATURED		AMOUNT COLLECTED		DELINQUENCIES			PERCENT. COLLECTIONS TO MATURITIES
	No.	AMOUNT	No.	AMOUNT		PRINCIPAL*	INTEREST	PRINCIPAL*	INTEREST	No.	PRINCIPAL	INTEREST	
U.S. TOTAL	12,234	$69,988,023	3,763	$20,959,625	$104,101	$434,313	$564,183	$422,022	$553,028	276	$12,291	$11,155	97.7
ALABAMA	1,115	4,616,680	339	1,323,976	5,280	29,219	29,798	28,925	29,692	3	294	106	99.3
ARIZONA	13	93,138	2	12,266	75	126	521	126	521	-	-	-	100.0
ARKANSAS	826	3,687,662	271	1,117,692	3,430	22,289	29,927	20,175	28,624	54	2,114	1,303	93.5
CALIFORNIA	83	685,394	29	205,230	778	3,415	4,670	3,323	4,154	3	92	516	92.5
COLORADO	66	620,145	25	200,112	873	4,785	5,733	4,785	5,733	-	-	-	100.0
CONNECTICUT	7	49,537	1	7,195	-	45	266	45	266	-	-	-	100.0
DELAWARE	18	87,536	3	11,600	-	61	442	60	442	1	1	-	99.8
FLORIDA	114	467,035	16	57,445	616	1,836	2,083	1,225	1,867	4	611	216	78.9
GEORGIA	1,203	4,755,920	302	1,203,500	3,962	34,193	36,450	32,872	35,055	25	1,321	1,395	96.2
IDAHO	31	298,256	5	50,100	645	589	1,261	589	1,261	-	-	-	100.0
ILLINOIS	231	2,371,358	81	778,973	5,971	18,200	20,800	17,776	20,593	5	424	207	98.4
INDIANA	150	1,408,705	68	600,633	783	15,408	15,645	15,235	15,574	4	173	71	99.2
IOWA	272	2,512,709	128	1,190,933	2,808	32,402	33,339	32,402	33,339	-	-	-	100.0
KANSAS	177	1,553,674	58	483,688	2,573	6,639	11,976	6,405	11,935	4	234	41	98.5
KENTUCKY	254	2,010,298	116	734,292	2,429	15,619	24,272	15,381	24,040	8	238	232	98.8
LOUISIANA	538	2,790,591	87	508,420	2,307	9,276	15,149	7,594	13,748	25	1,682	1,401	87.4
MAINE	18	66,363	4	7,100	-	45	262	27	185	1	18	77	69.1
MARYLAND	56	340,966	4	29,900	103	159	859	159	859	-	-	-	100.0
MASSACHUSETTS	6	31,211	1	4,240	149	31	153	31	153	-	-	-	100.0
MICHIGAN	104	837,712	55	378,506	1,605	7,866	10,145	7,822	10,083	1	44	62	99.4
MINNESOTA	196	1,642,194	93	747,819	4,305	15,344	21,366	15,344	21,366	-	-	-	100.0
MISSISSIPPI	1,166	4,742,348	224	806,801	10,270	9,290	23,642	8,087	22,448	48	1,203	1,194	92.7
MISSOURI	368	2,427,864	166	1,029,561	2,607	22,061	25,800	21,745	25,787	2	316	13	99.3
MONTANA	27	271,343	13	117,512	-	2,730	2,446	2,730	2,446	-	-	-	100.0
NEBRASKA	151	1,488,111	63	572,620	697	10,630	14,913	10,617	14,672	2	13	241	99.0
NEVADA	3	27,050	2	7,050	391	167	266	167	266	-	-	-	100.0
NEW HAMPSHIRE	4	23,665	-	-	-	-	-	-	-	-	-	-	-

State and Territory	Cumulative Loans 7/1/37 – 6/30/40		Loans of Which Part Has Matured		Extra Payments	Amount Matured		Amount Collected		Delinquencies			Percent. Collections to Maturities
	No.	Amount	No.	Amount		Principal*	Interest	Principal*	Interest	No.	Principal	Interest	
New Jersey	23	$ 183,938	2	$ 13,600	$ 9	$ 69	$ 554	$ 69	$ 554	–	$ –	$ –	100.0
New York	22	188,782	8	46,753	104	356	1,621	356	1,621	–	–	–	100.0
New Mexico	105	563,846	10	68,782	212	3,206	2,276	3,206	2,276	–	–	–	100.0
North Carolina	708	3,425,066	236	1,063,890	3,871	11,050	19,031	10,231	18,626	13	819	405	95.9
North Dakota	115	764,717	36	226,796	632	4,091	5,242	4,091	5,138	2	–	104	98.9
Ohio	205	1,710,158	97	755,797	1,041	17,322	19,900	16,621	19,474	8	701	426	97.0
Oklahoma	505	3,245,734	240	1,345,937	8,317	28,133	34,823	27,815	34,470	7	318	353	98.9
Oregon	32	282,100	5	38,065	117	17	1,098	17	1,098	–	–	–	100.0
Pennsylvania	166	1,054,351	16	86,692	4,246	857	2,546	812	2,399	1	45	147	94.4
Rhode Island	2	8,883	–	–	–	–	–	–	–	–	–	–	–
South Carolina	729	3,060,085	183	726,302	2,925	18,960	23,206	18,530	22,521	12	430	685	97.4
South Dakota	116	888,105	36	276,358	187	10,040	6,108	9,975	6,108	2	65	–	99.6
Tennessee	481	2,939,970	209	1,155,098	5,141	13,840	22,901	13,422	22,223	10	418	678	97.0
Texas	1,048	6,980,896	328	1,899,539	17,607	48,770	67,031	48,312	66,439	17	458	592	99.1
Utah	18	133,134	7	32,480	55	577	817	577	785	1	–	32	97.7
Vermont	10	69,202	–	–	–	–	–	–	–	–	–	–	–
Virginia	265	1,507,565	103	462,883	931	5,434	9,155	5,434	8,982	5	–	173	98.8
Washington	46	350,138	6	41,243	140	1,026	1,365	1,026	1,365	–	–	–	100.0
West Virginia	96	585,741	29	170,076	266	991	2,639	795	2,365	2	196	274	87.1
Wisconsin	128	1,009,645	37	276,445	590	5,057	8,380	5,057	8,380	–	–	–	100.0
Wyoming	14	117,775	8	42,150	–	1,124	1,762	1,124	1,762	–	–	–	100.0
Hawaii	106	533,867	10	40,525	5,026	938	1,433	905	1,333	5	33	100	94.4
Puerto Rico	97	476,860	1	3,250	27	30	111	–	–	1	30	111	–

* Does not include extra payments.

(b) LIQUIDATION AND MANAGEMENT OF RESETTLEMENT PROJECTS (TITLE IV)

Appropriation Act, 1941	$1,500,000
Transferred 1941, pursuant to Reorganization Plan No. IV, to Post Office Department	- 61
Transferred in 1942 estimates to Bureau of Agricultural Economics	- 11,250
Net available, 1941	1,488,689
Budget estimate, 1942	738,689
Decrease	750,000

PROJECT STATEMENT

Projects	1940 (actual)	1941 (estimated)	1942 (estimated)	Decrease
1. Technical services and supervision of project development and property maintenance.....	$825,459	$641,240	$391,579	-$249,661
2. Management and collection service.....	651,963	445,191	85,280	- 359,911
3. Administration.....	432,156	402,258	261,830	- 140,428
Unobligated balance.....	64,662	.....	.....	.....
	1,974,240	1,488,689	738,689	- 750,000 (1)

DECREASE

(1) The estimates provide for a decrease of $750,000. This reduction is made possible through the availability of estimated savings and unobligated balances under the appropriation "Payments in lieu of taxes and for the operation and maintenance of resettlement projects" which will be available during the fiscal year 1942 for the same purposes as this appropriation.

WORK UNDER THIS APPROPRIATION

General. Homestead projects of a subsistence type, started by the Subsistence Homesteads Corporation of the Department of the Interior, were transferred by Executive Order to the Resettlement Administration on May 15, 1935. Later, on July 1, 1935 the rural rehabilitation projects of both the scattered farms and community type, initiated and partially developed by the State Emergency Relief and Rural Rehabilitation Corporations, were transferred to the Resettlement Administration. Under the authority contained in the Emergency Relief Appropriation Acts of 1935 and 1936, the Resettlement Administration initiated and developed additional rural rehabilitation projects and continued and/or completed the development of the projects transferred from other agencies. On

September 1, 1937, these projects were transferred to the Farm Security Administration. With funds provided under the Emergency Relief Appropriation Acts of 1937 and 1938, and with funds transferred in trust, for the benefit of the State Rural Rehabilitation Corporations, the Farm Security Administration has made every effort to complete these projects. At the present time, there are a total of 193 projects under the administrative jurisdiction of the Farm Security Administration. The projects are scattered throughout the United States in nearly all states, crop areas, and climates.

Of the 193 projects there are 72 community projects, 30 subsistence homesteads projects, 3 suburban resettlement projects, 6 stranded group projects, and 82 scattered farms projects. A total of $135,189,835.47 has been expended in the purchase of land for, and in the development of, these 193 projects. This includes all expenditures made by all prior Federal agencies, State Emergency Relief and Rural Rehabilitation Corporations, and the Farm Security Administration. Of this total cost, $30,294,210.58 was expended for the purchase of 970,394 acres of land on which the projects are located. All other costs of developing these projects totaled $104,895,624.89. The projects as now completed consist of 14,703 family units.

Under the administration of the Farm Security Administration, these projects have been managed and operated substantially in accordance with the original aims for which the projects were started.

In order to authorize payments in lieu of taxes and to provide for the cost of operating and maintaining resettlement projects or rural rehabilitation projects for resettlement purposes, for which funds had been allotted from the Emergency Relief Appropriation Act of 1935, the Congress on June 29, 1936, approved the Bankhead-Black Act providing under section 3 thereof that "the receipts derived from the operation of such projects, in addition to the monies appropriated or allocated for such projects, shall be available for such payments in lieu of taxes and for any other expenditures for operation and maintenance (including insurance) of such projects." Since the passage of this Act, all receipts derived from the operation and maintenance of the projects specified have been deposited into a trust fund account and have been, and are being, used for payments in lieu of taxes, insurance, operations, maintenance and repair costs, on all these projects, and for the payment of management expenses on those projects from which the income was sufficient after first providing for the expenses of taxes, insurance, operations, maintenance and repairs.

For the purpose of providing funds with which to administer, maintain, manage, and operate those projects for which development funds had been allotted by the President prior to July 22, 1937, the Congress provided through section 43 of the Bankhead-Jones Farm Tenant Act, a direct appropriation which for the fiscal year 1939 (the first year) was in the amount of $2,000,000. Subsequent appropriations, amounting to $1,987,400 for the fiscal year 1940, and $1,500,000 for the fiscal year 1941 have been made available for this purpose.

Prior to the passage of this Act, the expenses of administering, managing, and operating these projects were financed from funds made available under the various Emergency Relief Appropriation Acts.

Both the Bankhead-Black Act and the Bankhead-Jones Farm Tenant Act made funds available for the administration and operation of only those projects to which the President had allotted funds from the Emergency Relief Appropriations. Thus, the Acts did not provide funds for those projects which had been transferred to the Farm Security Administration, through the Resettlement Administration, from State Emergency Relief and Rural Rehabilitation Corporations. All expenses for management, operations, maintenance and repair, taxes, and insurance in connection with those projects transferred from the State Corporations have been and are financed from the funds transferred to the Government in trust for use in furthering the activities and programs of the State Corporations. In those instances where funds transferred by State Corporations and funds appropriated under the Emergency Relief Appropriation Acts have been expended in the construction and development of the same projects, a joint-investment relationship has been established, i.e. the projects are owned jointly by the State Corporation and by the Government, their relative investments being in direct proportion to the total expenditures which have been made from their respective funds. As a matter of policy, management, operations, maintenance, taxes, and insurance expenses in connection with these projects are prorated in accordance with the joint-investment ratios.

In accordance with the desires of the Congress and the policies of the Department, efforts are being made to dispose of these projects through the conveyance of the entire project to a cooperative association of project clients or through the sale of the individual farm units. The type of sale or conveyance depends entirely upon the nature of the property being sold. During the fiscal years 1941 and 1942, it is estimated that a number of additional projects will be sold. Pending the sale of all the projects, it will be necessary that funds be expended for the management, operations, maintenance and repairs, and for the payment of taxes and insurance in connection with these projects.

1. Technical Services and Supervision of Land Development and Property Maintenance:

Objective: To provide technical supervision by both Washington and regional officials for the land development work being prosecuted by the Government, association, or individual client on the 193 existing resettlement projects located throughout the continental United States, the maintenance and repair of over 46,000 structures and the operations and activities of 15,000 families now living on these projects.

The Problem and its Significance: In order to protect the Government's investiment of $135,189,835, constant and thorough inspection and maintenance of all physical properties is necessary. This includes both normal repairs and the training of occupants to improve their land and

preserve the structures located thereon. Insurance coverage must be secured for the 46,000 structures developed on these projects, and payments in lieu of taxes on more than 900,000 acres of land to which the Government holds title must be negotiated with the local taxing authorities. Surveys and appraisals are required to determine proper lease and sale rates and contracts which are fair to both the clients and the Government. Planning and research are undertaken for the establishment of general cooperatives embracing a wide variety of activities interlocked with the agricultural economy of the projects.

Plan and Progress of Work: Eighteen homestead associations have been organized, to each of which an entire project has been conveyed. These associations serve as operating agencies under the general direction of the Administration. By the close of the fiscal year 1942, it is estimated that an additional 50 of the more successful projects will be conveyed to such associations. These associations have demonstrated their ability to manage the property and the associations' affairs in a business-like manner, with a decreasing amount of Government supervision. Several of the associations have already made loans to individual homesteader members for improvement of their particular units, such as, the installation of gas and the addition of bedrooms. With the gradual conveyance of these projects the emphasis has been shifted from direct management to indirect management.

Once a project has been conveyed, all payments made to the Government by the homestead association are deposited into the miscellaneous receipts account of the United States Treasury, rather than into the trust fund for the operation and maintenance of resettlement projects, set up pursuant to the Bankhead-Black Act of June 29, 1936. Such conveyances, on the other hand, relieve the Government of obligations incidental to operations, maintenance, repairs, taxes, and insurance on these projects. These obligations are all assumed by the homestead associations under their contract with the Government.

It is necessary, however, to continue to provide management services in order to give business, community management, and agricultural advice to the groups managing these projects as well as to the occupants themselves.

Until all project properties have been successfully conveyed to homestead associations or sold directly to private individuals, and the Government has fully realized upon its investment, it will be necessary to provide the above services to protect the Government's investment and to insure the complete rehabilitation of the families involved.

2. Management and Collections Services:

Objective: To insure the rehabilitation, economic security, and improved living conditions of the families for which the program was planned, to supervise the execution of the farm and home plans, and to obtain returns

on the Government's project investment without impairing the objectives of the program.

The Problem and its Significance: The rehabilitation of the 15,000 project families requires several years of education in new methods and opportunities and almost constant supervision. Protection of the Government's investment requires the prompt collection of monthly rents or payments toward the purchase of the individual farms and homes and strict compliance with approved farm and home economies.

Plan and Progress of Work: Experience has demonstrated the need of providing full time management staffs on a number of the larger resettlement projects and certain management specialists, with clerical assistants, in the Washington and regional offices.

These project staffs are comprised mainly of project or community managers, community and family services supervisors, nurses, accountants, and clerical assistants. Among the more important functions of these employees are family selection, supervision of farm and home management, organization of cooperative services, promotion of educational and community programs, medical care, execution of leases and sales agreements with individual families, and the collection of all rentals and payments toward the purchase price of individual units.

The educational program is playing an increasingly important part in the development of projects. The program is set up to include all members in the community and, on many projects, starts with nursery schools and continues through courses up to adult level. Based on actual life needs of the people, it includes instruction in farm and home management, cooperative organization, self-government, and avocational interests. Where adequate school and community buildings already exist in the neighborhood, those facilities are used. Where such accommodations are not available and cannot be provided by the local political subdivisions, such facilities have been constructed by the Government.

Farm and home management supervision has now been extended to all rural client families and is resulting in the home production and preservation of foodstuffs, the encouragement of domestic arts, and the adoption of recommended practices in home and farm operations, with consequent improvements to the standard of living.

Since poor health has retarded the efforts of many project families to better their economic conditions, considerable stress has been laid upon medical assistance. The services of a full time nurse have been secured for many of the larger projects. This employee supervises first aid on the project, acts as dietitian, gives instructions regarding methods of sewing and cooking, renders nursing service in all maternity cases, makes regular inspections of school children, and recommends measures for sanitation, health, and general living conditions. When families are accepted for occupancy, they are given complete physical examinations by registered physicians.

A client's economic rehabilitation cannot be accomplished unless he is required to meet his financial obligations to the best of his ability. The project offices are required to report on each individual delinquent case, giving the reasons for the delinquency and the plans made to liquidate the arrears. No client who is delinquent because of fault beyond his control is removed from the project program. However, clients failing to meet their obligations and refusing to cooperate and assist themselves towards rehabilitation by participating willingly in the various phases of the program have been evicted.

3. Administration:

Objective: To carry out the various administrative activities incident to the management, operation, and maintenance of resettlement projects.

Plan and Progress of Work: The resettlement program, which includes 193 projects, representing an investment of $135,189,835, is administered by departmental and field supervisory personnel in conjunction with legal, fiscal, engineering, and business services.

The ultimate objective sought is the complete rehabilitation of the clients and the sale of all properties to individual clients or to associations composed of project occupants. The rehabilitation of the clients and the Government's return on its investment depend to a great extent upon the willingness of the individuals to cooperate with the program and upon the financial success of the project operations. It is, therefore, essential to defer the conveyance of these properties until actual experience has demonstrated that there are reasonable assurances that the sale can be consummated successfully. This appropriation should, therefore, be continued to permit the developing of better farmers, stronger organizations, and more profitable operations to insure the continued success of the program and the satisfactory liquidation of all project properties.

(c) LAND UTILIZATION AND RETIREMENT OF SUBMARGINAL LAND (TITLE III)

Appropriation Act, 1941	$2,100,000 (a)
Transferred to:	
Post Office Department, pursuant to Reorganization Plan No. IV	- 325
Public Buildings Administration in 1942 estimates, for rent in District of Columbia	- 9,356
Bureau of Agricultural Economics in 1942 estimates, for continuation of the development of a program of land conservation and land utilization, as provided by Title III	- 737,000
Net direct appropriation, 1941	1,353,319 (a)
Budget Estimate, 1942	2,278,239
Increase in direct appropriation	924,920

(a) In addition, $924,920 available from reappropriation of 1940 unobligated balance.

PROJECT STATEMENT

Projects	1940 Obligated	1941 (Estimated)	1942 (Estimated)	Increase or decrease
1. Acquisition of land	$3,376,370	$1,263,162	$936,239	-$326,923 (a)
2. Management, operations, planning, and improvement and protection of land acquired	2,276,093	1,015,077	1,342,000	+ 326,923 (b)
Total obligations	5,652,463	2,278,239	2,278,239	- -
Unobligated balance 1940 reappropriated for 1941	+ 924,920	- 924,920	- -	+ 924,920 (1)
Unobligated balance 1939 reappropriated for 1940	-2,586,567	- -	- -	- -
Total	(x) 3,990,816	(y) 1,353,319	2,278,239	+ 924,920 (1)

(x) Total for 1940 excluded $960,545 allotted to Bureau of Agricultural Economics for development of program of land conservation and land utilization as provided in Title III, and $26,969 for rent in the District of Columbia (for which funds, as shown above, are transferred in 1942 estimates to the Public Buildings Administration), making in all, $4,978,330 appropriated for 1940.

(y) Total for 1941 excludes $746,681, as shown in tabulation above (preceding Project Statement) making in all, $2,100,000 appropriated for 1941.

INCREASE AND DECREASE

(1) Increase of $924,920 in direct appropriation. This is an apparent increase so far as working funds are concerned since it contemplates provision of $924,920 in direct appropriation to replace the unobligated balance in that sum carried forward into 1941 from 1940. Project adjustments are contemplated as shown by the Project Statement, as follows:

(a) A decrease of $326,923 covering the acquisition of land. It is not anticipated that there will be as large a carry-over of incompleted title clearance work on June 30, 1941 as there was on June 30, 1940. In addition to the new purchases, title clearance work incident to options accepted prior to June 30, 1941 will be carried on toward completion during 1942.

It is planned during 1942 to purchase approximately 110,000 acres of land on 38 projects, which purchases are necessary to effect adjustments in land use and occupancy in the areas concerned.

(b) An increase of $326,923 covering improvement, protection, and supervision of land acquired. The additional funds on this project are needed (1) to continue the improvement and development work on presently acquired land and (2) to manage the additional 800,000 acres which will be under management and custodianship during the 1942 fiscal year.

Very few improvements have been made on the lands acquired for most of these projects, and the appropriation for 1941 has made it impossible to do, in general, much more than prevent further deterioration of the lands being acquired. The proposed improvements include soil erosion control; cover restoration; reseeding; fire protection facilities; permanent improvements such as stockwater reservoirs; necessary facilities such as fences, truck trails and telephone lines; and the repair and construction of buildings. The improvements will be made in accordance with plans for providing a basis for a better livelihood in the areas of adjustment for as many families as possible.

At the beginning of the fiscal year 1942, it is anticipated that there will be approximately 6,800,000 acres of land within 69 projects under management, and approximately 460,000 acres of land within 17 projects under management, by State agencies, for which the Soil Conservation Service will be custodian. The management of the lands acquired within the 69 projects involves: the distribution of use privileges, either directly or through local agencies, in accordance with productive capacity of the land and the needs of local families, to the end that as many families as possible will have an increasingly improved basis for a livelihood; the protection of the land from damage by fire or other causes; maintenance of improvements; and inspections to determine that the terms and conditions of all use agreements are being followed. Custodianship of projects involves inspections to determine that the cooperative agreements between the Department and the States are being conformed to, and consideration of any modifications of, or exceptions to, cooperative agreements desired by the State agencies.

CHANGE IN LANGUAGE

The estimates include a proposed change in the reappropriation authority providing for reappropriation in the fiscal year 1942 of the unexpended balance of the funds available in 1941, and making the 1942 appropriation available for liquidation of obligations incurred during the fiscal year 1941 remaining unpaid on June 30, 1941. It is understood that this change is for the purpose of simplifying the bookkeeping of the United States Treasury Department.

WORK UNDER THIS APPROPRIATION

General: The work under this appropriation is concerned with the acquisition of submarginal land and the improvement, protection, and supervision of the land acquired.

Objective: Rehabilitation of areas blighted by the cultivation of land unsuited for cultivation through the acquisition, improvement, and management of such land so as to bring about (a) desirable permanent land uses, (b) an improved basis of living for as many families as possible, (c) a sound and stable rural economy, (d) provision of adequate public services and facilities at reasonable cost, and (e) a better social and community life; thereby preventing the continued impoverishment of land and human resources caused by (1) depletion of the productive capacity of the land and impairment of the value of other lands resulting from erosion and destruction of the natural cover, and (2) family earnings insufficient to provide adequate food, shelter, clothing, and essentials for health.

The problem and its significance: In many areas a substantial proportion of the acreage in cultivation, or subject to cultivation, is unsuited to the growing of cultivated crops because of natural infertility, physical factors, location, or loss of productivity by erosion or destruction of cover. Various estimates place the acreage in farms unsuitable for cultivation in these areas at between 75 and 100 million acres and the number of farms at between four hundred and fifty thousand and six hundred thousand. These farms constitute a substantial percent of all the farms in the areas where they are located.

The economic and social conditions of the families occupying farms unsuitable for cultivation are among the worst, if not the worst, in any rural areas. The value of products produced on these farms averages less than $450 annually, including those products consumed as well as those sold or traded. Information obtained for approximately 6,000 families living on land acquired under the Land Utilization Program indicates that the cash income of eighty-five percent of the families was less than $500 annually. This amount includes income from the farm, labor off the farm, and subsidies or other forms of public assistance. Sixty percent of the 6,000 families were receiving public assistance in the form of cash, goods, or work relief at the time of purchase.

The families are unable to retire to less intensive uses of the land unsuitable for cultivation because of their lack of other resources.

Abandonment of these farms by families, often after years of struggle and hardship and loss of all their possessions, including their courage, has been going on for many years. However, during the past decade particularly, other factors have operated to increase the number of families on "sub - marginal" farms. The rapid natural increase in population in the areas where these farms are concentrated has not been offset by the migration of people to other areas as was formerly the case. New land is no longer generally open for settlement and the former opportunities for employment in industry have been limited. The problem in some submarginal land areas appears to have been aggravated by the return of families thrown out of employment during the last decade.

The continued operation of farms unsuitable for cultivation by families driven by economic necessity to obtain each year the greatest possible income from them, has resulted in destruction of vegetative cover, erosion, and loss of fertility. Land once productive is now sterile, the top soil gone, fields gullied, and a vegetative cover of grass or trees entirely lacking or limited in amount and consisting of undesirable species. The consequences accompanying destruction of the soil and natural cover have affected the value of other and frequently more valuable lands. Soil has been deposited by the action of wind and water, or both, on other lands, along stream channels, and in reservoirs. Decreased ability of the land to retard the run-off of water has contributed to floods and the need for their control. Other serious consequences arising from the cultivation of land unsuited for the growing of cultivated crops, the resulting poverty of the families, and loss in productivity of the land, are excessive costs for adequate public services and facilities, shrinkage of the local tax base, and general impairment of local governmental functions.

Solution of the human, land, and governmental problems in those areas where a substantial number of the farms are unsuited for cultivation, can be brought about only by drastic changes in land use and occupancy. These changes may involve one or more of the following: relocation of families, both within the areas and by migration to other areas; shifting of the use of land now in cultivation to grazing, or to forestry and associated uses; revisions in the type of economy to conform with changes in land use, for example, from the growing of cultivated crops to livestock production, forestry, or subsistence farming combined with forestry or other uses which will provide a permanent livelihood for the maximum number of families; restoration of the land to productivity in those uses for which it is adapted; distribution of grazing, timber harvesting and other privileges at equitable charges among remaining families so that all or as many as possible will have the opportunity for a livelihood; providing of supplementary employment to families during the restoration of the land to a productive condition; and changes in the tax structure, in the utilization of tax-reverted lands, in services and facilities, and in organization and functions of local governmental units.

The many and far-reaching adjustments involved in changes in land use and occupancy are beyond the ability of individual families to bring about. Neither can the families acting together and with the aid of local governments make those adjustments. Public programs involving the coopera-

tion and assistance of the families and local governments are necessary. In recent years, the Federal Government has enacted legislation providing for a number of public programs directed toward the conservation of land resources and the rehabilitation of families. Noteworthy among such programs are the soil and moisture conservation program; the program authorized in the Soil Conservation and Domestic Allotment Act under which farmers are given special assistance for following soil building practices, and for reduction in the acreage of cultivated crops; the rural rehabilitation program under which needy families are helped by loans, grants, and technical assistance, to become self-supporting; and the Emergency Relief Acts under which families in need of employment are provided work. None of the programs mentioned above, however, is fitted to solve the problems of people farming land unsuitable for cultivation. The authority in Title III of the Bankhead-Jones Farm Tenant Act provides for the making of changes in land use and occupancy, and the means whereby, through the coordination of the public programs and the cooperation of local governments, rehabilitation of land and people on "submarginal" farms can be permanently effected.

Progress and Plan of Work. During the fiscal year 1941 an estimated 83,760 acres will be optioned at an estimated cost of $607,260. Because of the requirements of title examination and the curing of title defects it is estimated that there will be 248,890 acres optioned as of June 30, 1941 for which payment will not have been made nor title vested in the United States. This figure compares with 799,777 acres in the same status on June 30, 1940. The work of finally vesting title in the United States and paying for the land therefore is carried on in years subsequent to the years in which the land is purchased.

Improvement, protection and management work is being carried out on acquired lands including erosion control work, restoration of lands to forests and grass, fire control and fire protection, issuance of use permits, and work such as is indicated for the fiscal year 1942 on page 141 under the heading "Increases and Decreases".

SUPPLEMENTAL FUNDS

Direct Allotments

Projects	Obligated, 1940	Estimated obligations, 1941	Estimated obligations, 1942
Public Works Administration, Act of 1938:			
For construction of dams for storage of water, roads, buildings, fences, power lines, and other improvements in connection with the land utilization program.....	(a) $534,867	(a)$43,992	- -
Emergency Relief (Transfer from W.P.A.):			
For administrative expenses in connection with land utilization projects	(b) 80,292	(b) 14,058	- -
For construction and repair of miscellaneous buildings and equipment sheds, roads, dams, fences, etc., in the improvement of lands	(b) 2,814,499	(b)520,562	- -
Total	3,429,658	578,612	- -

(a) Also shown under "Supplemental Funds" in the explanatory notes for the Soil Conservation Service.

(b) Part of the allotment of Emergency Relief funds shown in the budget schedules and explanatory notes for the Soil Conservation Service.

(d) PERMANENT APPROPRIATION: PAYMENTS TO COUNTIES FROM SUBMARGINAL LAND PROGRAM, FARM TENANT ACT.

This budget schedule covers payments to counties of twenty five percent of the net revenues received each calendar year from the use of lands held by the Secretary of Agriculture under Title III of the Farm Tenant Act. These payments are made to the counties in which the land is located on the condition that they are used for school or road purposes or both.

Actual obligations for 1940, and estimated obligations for 1941 and 1942 are as follows:

1940	$11,513
1941	32,200
1942	39,700

PASSENGER-CARRYING VEHICLES

FARM TENANT ACT

Liquidation and Management of Resettlement Projects (TITLE IV)

The replacement of one passenger-carrying vehicle, as indicated in the estimate, contemplates the trade-in of a 1938 model vehicle which will have been operated by January 1, 1942, approximately 60,000 miles, beyond which its operation would be uneconomical.

The twenty-eight (28) old vehicles to be operated and the new one will be used for the transportation of project personnel such as Project Managers, Project Nurses, Farm Supervisors, etc., within the project area in the administration of their official duties.

The passenger-carrying vehicles being operated on our projects are furnished to officials of the projects in most instances as individual assignments, and it has been conclusively shown that considerable savings are effected by furnishing Government-owned vehicles to these individuals for project travel rather than to furnish transportation by reimbursing the employees for the use of their personally-owned vehicles. This is due, primarily, to our ability, in most instances, to purchase gasoline and oil in tank wagon or drum deliveries at a considerable saving over posted service station prices. Further, storage costs are held at a minimum by the utilization of project storage facilities. Maintenance costs are held at a minimum through the employment of equipment maintenance staffs at the larger projects to service all motorized and mechanized equipment or through the negotiation of favorable local servicing contracts through commercial sources. Taking all these factors into consideration, transportation can be furnished by Government-owned vehicles at our projects at a considerably lower rate per mile than would be possible by reimbursement at either a predetermined or actual expense rate for the operation of privately-owned vehicles.

Land Utilization and Retirement of Submarginal lands (TITLE III)

The authorization for the purchase of passenger-carrying vehicles for Title III of the Bankhead-Jones Farm Tenant Act contemplates the purchase of 31 automobiles on a replacement basis at a net average cost of approximately $602 after the trade-in value of the old vehicles to be exchanged has been considered.

Many of the units to be replaced are four or five years old and some of them were purchased under Emergency Relief funds made available when this program was first initiated. These cars are to be used by specialists engaged in acquisition, improvement, management and protection of land acquired throughout the United States under the provisions of Title III of the Farm Tenant Act.

The use of the passenger-carrying vehicle is practically indispensable for the proper conduct of varied activities throughout the country under this appropriation. The common carrier is not well suited to this work, as the work is generally performed in areas where public transportation is inadequate. From experience we find that Government-owned passenger-carrying vehicles, where continuous and extensive use is involved, can be operated and maintained with less cost to the Government, including depreciation, than personally-owned cars on a reimbursement basis. The replacement of the vehicles contemplated by these estimates, therefore, is essential to carry on the work in the most economical and advantageous manner possible.

LOANS, GRANTS AND RURAL REHABILITATION

This item has been provided heretofore in the Emergency Relief Appropriation Acts. Its inclusion in the Agricultural Act is recommended in the Budget and appropriate language is suggested for that purpose.

Appropriated funds:

Emergency Relief Appropriation Act, 1941:		
Direct appropriation	$59,000,000	
Reappropriation of 1940 unobligated balance.	4,000,000	
Available, 1941	63,000,000	
Transferred, 1941, to Post Office Department	- 7,916	
Transferred in 1942 estimates to:		
Public Buildings Administration	- 145,954	
Bureau of Agricultural Economics	- 147,845	
Net available, 1941	62,698,285	
Budget estimate, 1942	66,000,000	(a)
Increase, 1942	3,301,715	

(a) In addition, the unobligated balances, if any, of the 1941 appropriation to be reappropriated in 1942.

Funds borrowed for loans:

Borrowed from RFC, 1941	$125,000,000
Estimated to be borrowed from RFC, 1942	100,000,000
Decrease, 1942	25,000,000

Total funds available:

1941	$187,698,285
Estimate, 1942	166,000,000
Decrease, 1942	$ 21,698,285

PROJECT STATEMENT

Projects	1940 (actual)	1941 (estimated)	1942 (estimated)	Increase or decrease
1. Rural rehabilitation loans(RFC in 1941, 1942)	$97,676,025	$123,000,000	$ 98,500,000	-$24,500,000 (1)
2. Rural rehabilitation grants	24,053,985	21,500,000	20,900,000	- 600,000 (2)
3. Rural rehabilitation services:				
(a) Farm and home management-assistance	11,875,588	15,465,750	17,812,650	+ 2,346,900 (3)
(b) Investigation of application, and making, collecting, and servicing loans and grants	7,431,543	9,934,250	11,687,350	+ 1,753,100 (3)
4. Farm debt adjustment ..	1,902,933	2,000,000	2,000,000	- -
5. Rural rehabilitation projects, including technical services:				
(a) Completion of resettlement projects	748,224	350,000	350,000	- -
(b) Special and work relief projects ...	241,628	250,000	250,000	- -
6. Migratory labor camps .	5,010,733	5,000,000	4,400,000	- 600,000 (4)
7. Water utilization:				
(a) Loans(RFC in 1941,1942)	534,997	2,000,000	1,500,000	- 500,000 (5)
(b) Grants	119,490	250,000	250,000	- -
(c) Expenses	1,162,121	750,000	600,000	- 150,000 (5)
8. Administration	7,040,597	7,198,285	7,750,000	+ 551,715 (6)
Total obligations	157,797,664	187,698,285	166,000,000	-21,698,285 (a)
1939 Unobligated balance reappropriated for 1940	-19,117,239	- -	- -	- -
1940 Unobligated balance reappropriated for 1941	+ 4,000,000	- 4,000,000	- -	+ 4,000,000
Total	142,680,425	183,698,285	166,000,000	-17,698,285 (a)

INCREASES OR DECREASES

(a) The net decrease of $21,698,285 in working funds is composed of a decrease of $25,000,000 in the authorization to the Secretary of Agriculture to borrow funds from the Reconstruction Finance Corporation for loans and an increase of $3,301,715 in the direct appropriation after making due allowance for the unobligated balance of $4,000,000 reappropriated from the 1940 appropriation and available during the fiscal year 1941.

(1) A decrease of $24,500,000 for rural rehabilitation loans for the fiscal year 1942. This decrease, together with a reduction of $500,000 included under Project 7, (water utilization) constitutes the reduction of $25,000,000 provided by the estimates in the authorization to the Secretary of Agriculture to borrow funds from the Reconstruction Finance Corporation for rural rehabilitation loans.

By the close of the fiscal year 1941 it is estimated that roughly 708,000 low-income farm families, or about 47% of the approximately 1,500,000 low-income farm families falling in this group, will have received assistance from the Farm Security Administration.

During the fiscal year 1941, it is estimated that the funds available will permit the making of approximately 105,600 initial loans, and the making of supplemental loans to approximately 216,000 borrowers accepted prior to July 1, 1940. The total amount estimated for 1942 will permit the making of approximately 61,600 initial loans, and the making of supplemental loans to approximately 245,000 borrowers accepted prior to June 30, 1941.

(2) A decrease of $600,000 is estimated for rural rehabilitation grants for the fiscal year 1942. The direct appropriation for the fiscal year 1941 provided $18,500,000 for this purpose. This amount has been increased to $21,500,000 through the reappropriation of unobligated balances from the fiscal year 1940.

Past experience has shown that major catastrophes occur in rural areas in some part of the country regularly which require administration of direct relief to rural victims. It is not possible to predict the nature, extent, or location of such catastrophes or the amount required to furnish such relief. Continuous effort is being made to reduce the number of farm families requiring direct relief. While from past experience it would appear that about the same amount will be required for the fiscal year 1942 as is available during the current fiscal year, in view of the efforts which are being made by the Farm Security Administration to reduce the number of grant cases, it is estimated that a reduction of $600,000 may be made for the fiscal year 1942.

(3) An increase of $4,100,000 is requested to provide for the additional expenses to be incurred, principally for the employment of additional personnel required to render farm and home management assistance; and for the investigation of applications for, and the making of, grants, new and supplemental loans, and the collecting and servicing of all loans, including those made under this and prior appropriations, to an increased cumulative number of borrowers, as follows:

As of June 30, 1941, it is estimated that there will be approximately 800,000 rural rehabilitation loan borrowers and 30,000 farm tenant borrowers to whom the rural rehabilitation services and assistance, as set forth in detail in this project under "Work Under This Appropriation", must be made available for the mutual benefit of the borrower and the Government.

Rehabilitation services and assistance are rendered personally and directly to borrowers by Farm Security county farm management supervisors and home management supervisors. These supervisors, assisted by necessary clerical personnel, are at the present time working out of 2,097 county offices and are rendering these services and assistance to this large number of loan borrowers located in all the agricultural counties throughout the United States. The appropriation for this fiscal year is sufficient to provide for only 3,917 county farm management supervisors and 2,365 county home management supervisors. Thus, at the end of this fiscal year each county farm management supervisor will have a caseload of approximately 200 cases, and each county home management supervisor a caseload of about 335 cases. This caseload is much too large if adequate assistance is to be rendered and servicing is to be accomplished. To do a thorough job and make as many visits as desirable, a farm management supervisor should have a caseload of not more than 125 cases, and a home management supervisor a caseload of not more than 200 cases.

In addition to this tremendous number of loans, the loan estimates for the fiscal year 1942 will provide for the making of an additional 61,600 rural rehabilitation loans and 9,045 farm tenancy loans. After allowing for borrowers who after having paid off their loans will not require these services and assistance, there will remain approximately 875,000 loan cases to which these services must be rendered. To provide the necessary rehabilitation services and assistance on a reasonably satisfactory basis to the new borrowers, who it is estimated will receive loans during the fiscal year 1942, and to reduce to some extent the tremendous caseload now being carried by the presently employed county farm and home management supervisors, it is necessary that additional supervisors be employed.

The estimate for this project for the fiscal year 1942 would provide for the employment of a total of 4,850 county farm management supervisors and 2,810 county home management supervisors. With this number of supervisors and a caseload of approximately 875,000 cases, each county farm management supervisor would have to carry a caseload of approximately 180 cases and each county home management supervisor a caseload of approximately 310 cases.

This increase in caseload also directly affects and increases the work and supervision required of district office personnel. In order to compensate for this additional work some small increase in the number of district farm and home management supervisors and clerical assistance will be required.

This increased caseload has been justified by the results of this program, evidenced by its operations during the past six years, during which time more than 175,000 families have paid off their loans in full and have "graduated" into a self-supporting status. The remaining families, totaling over 750,000, have made surprising gains in their net worth, standards of living, and capacity for self-support. This success has been largely brought about through the advice and assistance rendered through these rural rehabilitation services. If these services are to be continued on at least a semi-satisfactory basis, additional personnel must be provided in order to take care of the increasing cumulative caseload.

(4) A decrease of $600,000 will be effective by curtailing of the rate of construction and development of new camps in 1942.

(5) A decrease of $650,000 for Water Utilization for the fiscal year 1942.

$500,000 of this decrease is a part of the reduction in the authorization to the Secretary of Agriculture to borrow funds from the Reconstruction Finance Corporation for loans and the balance of the decrease ($150,000) is due to a proportionate reduction in the expenses incidental to those loans.

(6) An increase of $551,715 is requested to provide for the expenses to be incurred, principally for the employment of additional personnel required to properly administer the accumulated caseload under the rural rehabilitation programs, as follows:

Administrative expenses, as distinguished from rural rehabilitation services and assistance, include all expenses at the seat of the Government and practically all of the expenses incurred in the regional offices. This cost includes the classifying, appointing, and supervising of personnel; expenses of purchasing supplies and materials, and acquiring space; the initiation, creation, and issuance of procedures and instruction, preparation and issuance of information concerning the program and its accomplishments and problems, legal and accounting expenses, and technical, coordinating and advisory services incidental to carrying on a widespread and diversified program.

In addition to administering the rural rehabilitation programs for which funds are requested for the fiscal year 1942, it is necessary that administration be continued in connection with the entire cumulative loan and grant caseloads which have been accumulating for six years. This constant building up of the loan load creates a very large and expanding administrative problem or job which can only be met through a well regulated, efficient, and adequately equipped organization.

During the two years 1940 and 1941 alone, the accumulated loan caseload, as of June 30, 1941, will have increased over 30 percent from about 600,000 to 800,000 cases. Such an increase in volume cannot be absorbed by the present organization without adequate provision being made for the employment of additional employees to augment those now employed in administering this program.

Two of the larger and most essential functions for which additional personnel must be provided if the program is to be properly administered are the regional business management mails and files organization, where all loan dockets, etc., are filed, pulled, papers inserted, and refiled continuously, and the finance regional offices where all the detail loan accounts are maintained for this ever increasing accumulating loan caseload. Bills are rendered and cash collections are received and applied by the finance regional offices.

These two functions must be administered on as current a basis as possible in order to have the loan program function properly. Otherwise,

the borrowers will not receive reasonably prompt consideration of their loan applications when they reach the regional office; the client will not receive his check when he has need for it; bills will not be rendered promptly, thereby causing poor collections and loss to the Government; monies collected will not be applied to the loan accounts, thereby causing more work for the Treasury Disbursing Offices; delay clearing monies from the special deposit accounts; delay clearing funds to miscellaneous receipts or other trust accounts; delay making payments to the Reconstruction Finance Corporation on their loan to the Secretary, thus causing additional interest to accrue against the loan payable from collections made on these loans. These, and many other almost, if not entirely, insurmountable problems will occur unless an adequate staff is provided to administer the programs, including the cumulative caseload which at the close of the fiscal year 1942 will have increased by at least 300,000 cases, or 50 percent over the caseload, as of June 30, 1940.

Under the administrative expense limitations inserted by the Congress under section 3 of the Emergency Relief Appropriation Act of 1939, and under section 2 of the Emergency Relief Appropriation Act, fiscal year 1941, funds have not been available with which to provide additional administrative personnel, although, as stated above, the administrative requirements have increased steadily. Even though the function of maintaining the official detailed account records under this appropriation was transferred to the Farm Security Administration from the United States Treasury Department on April 1, 1939, the cost of this function had to be absorbed since no increase was allowed to this project. As a matter of fact, due to these limitations and increases in expenses for other than personal services in connection with the administration of the program, it has been necessary for the Farm Security Administration to reduce the number of its employees administering the rural rehabilitation programs in the regional offices from 2,181 in 1940 to 2,028 in 1941.

The increase requested under this project would permit the Farm Security Administration to increase its regional office personnel by 211 positions, to a total of 2,239 employees, for the fiscal year 1942. It is estimated that with this number of employees, the Farm Security Administration will be able to reasonably satisfactorily carry on all the various administrative activities which it is required to perform in connection with the rural rehabilitation program as provided for under this and prior Acts. This increase of approximately 10 percent in the amount of employees, and in the total amount of the estimate of this project, is the minimum required to provide an adequate staff to administer the rehabilitation programs including the caseload which will have accumulated by June 30, 1942.

WORK UNDER THIS APPROPRIATION

GENERAL. The purpose of this Appropriation is to make loans to farm owners, farm tenants, farm laborers, sharecroppers, and others who obtain, or who recently obtained, the major portion of their income from farming operations, and who cannot obtain adequate credit on reasonable terms from any lending institution, to enable such eligible families to acquire livestock, farm equipment, supplies and other farm needs (including improvements and

repairs to real property), and for the refinancing of chattel mortgage indebtedness, and for family subsistence; to provide direct relief to eligible families in rural areas for subsistence purposes; to assist in the voluntary adjustment of indebtedness between farmers and their creditors; to develop good agricultural land previously acquired by the United States into economic farm units for lease or sale to eligible farm families; to develop and maintain camps for the relief of migrant agricultural workers; to provide for a water facilities program for water conservation, dams, reservoirs, pipe lines, well digging and drilling and other facilities for water storage or utilization in furtherance of rural rehabilitation and relief to needy persons; and to furnish technical services, guidance in sound farm and home management practices, and to provide personnel and facilities for the administration of these activities in the District of Columbia and elsewhere.

Relation to National Defense: The 1930 census disclosed that even in "prosperous" 1929, about 1,682,000 farms reported a gross income of less than $600 -- and that figure includes all farm operating expenses, and all foodstuffs raised for home consumption. A more recent study by the National Resources Committee indicated that in 1936 more than 1,690,000 farm families had an average income of less than $500 a year; and nearly half of these families had incomes of less than $250 a year. In other words, about 4,000,000 farm people were trying to eke out an existence on an average income of about $1 a week. Since internal economic security is a necessary corollary to successful national defense, the Farm Security Administration is making an important contribution to national defense by reestablishing hundreds of thousands of farm families which once had little or nothing; by giving security, confidence, and new faith in our country to many who might once have been inclined to question our social and economic order. For this reason it may be said that the FSA program constitutes a line of internal defense, and that it contributes to national unity.

No single element is more vital to national defence than manpower, and here again FSA makes an important contribution by building healthy citizens who will be physically fit to defend their country. Through its medical program, through live-at-home practices and improved diet, and in general by raising the standards of living of the bottom third of our farm population, the FSA is helping to make strong, healthy Americans out of thousands of people who once could not have passed the army physical examination.

Project 1. Rural Rehabilitation Loans:

Objective: The immediate objective of rural rehabilitation loans is to enable low-income and destitute farm families to support themselves through continued farming by extending credit on the basis of acceptable farm and home plans. The ultimate objective is to help needy farm families to become permanently self-supporting and hence to help create a more stable farm economy.

The Problem and Its Significance: Approximately 3,000,000 American farm families are existing today on abnormally low incomes and at unwholesomely

low standards of living. Many are in extreme poverty. Almost 2,000,000 rural families were on relief in 1935; and relatively few of them are better off today.

Both as producers and as consumers, this group of low-income farm people has been forced to retain primitive standards in a modern world. While American industry has adopted turret drills and automatic machine processes, these families have continued to cultivate the land with one-row, horse-drawn equipment and hand tools. While the big commercial farms have adopted highly efficient machinery and modern agricultural methods, most of these 3,000,000 families still use the same farm management patterns which were common a century ago. While the tides of technological progress have swept on across the country, this group has been left to one side, in a sort of stagnant eddy. The effects of this poverty and technical inefficiency on the national economy are little realized.

In 1930 the census reports revealed that about 90 percent of the farm products going to market came from 50 percent of the farms. The other half of our farmers were receiving only one-tenth of the gross cash income from agriculture. Since that time, the growth of industrialized farming has continued to squeeze the more poorly equipped farms out of the commercial market.

At the present time, it is probable that nine-tenths of the farm market is supplied by considerably less than half of the nation's farms. Mechanization -- which usually is associated with large-scale, commercialized farming -- has continued at a rapid pace. There were 1,527,989 tractors on American farms on April 1, 1938, more than a third of which had been purchased since 1935. More tractors were sold in 1937 alone than were in use on all American farms in 1920.

As a result, many thousands of tenants and sharecroppers have been forced down to the status of day laborers, with little chance for more than a few months' work a year. On a typical Delta Plantation, for example, the introduction of tractors and four-row cultivators reduces the necessary number of tenant families from 40 to 24. Other technological improvements, together with mechanization, have greatly decreased the demand for farm labor. Today it is possible for this nation to meet the normal requirements in farm production, both domestic and foreign, with 1,600,000 <u>fewer</u> workers than in 1929.

In the face of this declining demand for farm labor, the farm population is still growing faster than any other group. The annual increase in the working farm population is now about 445,000 persons. In the past, most of these people would have sought work in the cities, or would have opened up new lands on the frontier. Today the majority of them have no alternative but to join the army of migratory farm laborers, already swollen far beyond normal needs by the families forced off the land by drought and mechanization.

To make matters worse, the largest increase in population is taking place in the areas with the least economic opportunity. The 400 counties with the lowest living standards are the very ones with the fastest growth of population.

In five rural problem areas -- regions with much poor land, low income, and high birth rates -- 15 to 20 percent of the families were on relief in 1934 and 1935, or twice as many as in "normal" areas. Federal aid has amounted in some problem area counties to $200 for each man, woman, and child. In other rural areas the average is below $50 per capita.

The cities offer no haven for this huge surplus agricultural population, because labor-saving machinery has been steadily decreasing the demand for industrial workers. By the middle of 1937, industrial employment had recovered to about the 1929 level; but unemployment had increased by about 4,000,000 -- approximately the number of new workers added since 1929. Five years from now, there will be another 5,000,000 new potential workers, nearly half of whom are growing up in farm families.

These problems of surplus population and technological change have been added to a number of less spectacular but even more deeply-rooted maladjustments in our rural economy. For generations the nation's agriculture has been gradually undermined by unsound tenure systems, careless and unscientific tillage practices, widely fluctuating markets, and an appalling wastage of our most important capital asset -- the land -- through soil erosion. Rural poverty is not an emergency condition, which might be cured automatically by an upturn in the business cycle. Its symptoms were familiar long before the Civil War. For more than a century they compelled the United States to carry on a liberal program of rural relief in the form of free land. Until recent times, any farmer who lost his property through foreclosure, or whose acres were exhausted by erosion and one-crop tillage, could move to a new homestead in the west. Today this easy solution is no longer possible. Free land, capable of producing a decent living has disappeared; and we have at last been forced to seek new methods of dealing with the problem of poverty among farm people.

The low income and low living standards of the bottom third of our farm population has shut them out of our productive economy -- excluded them as effectively as if they were in another nation. Since they lack the essential capital equipment in adequate land and tools, they are necessarily unproductive. They contribute few goods and services, and they are able to buy only the barest necessities. They represent an untapped potential market, far more important than most Americans realize.

As stated above, the last census disclosed that even in "prosperous" 1929, about 1,682,000 farms reported a gross income of less than $600. A distribution of this number by states is included in Table 1 below.

The sub-standard living conditions which a large share of our farm population must endure inevitably means bad health -- which imposes heavy costs on the national economy. Malaria, which is largely due to lack of window screens to keep out mosquitoes, takes a tremendous toll of labor efficiency, particularly in the South. When a family is so poor that it cannot even afford an outdoor privy, the probability of hookworm infection is extremely high. In one rural county in the South, the Farm Security Administration recently found that about 60 percent of the school children had hookworm disease.

In view of the fact that one child out of every ten comes from the 3,000,000 farm families in the lowest income group, the health menace to the national manpower of the next generation is apparent. It is all the more serious, since few families in this group can afford adequate medical care.

It is hardly surprising that the 3,000,000 neediest farm families are consuming very few industrial products. The extent of their underconsumption is indicated by the fact that in 1934 more than 25 percent of all American farm homes lacked window screens; more than a third were unpainted; and an additional 30 percent needed repainting. More than 70 percent of our farm homes lacked a kitchen sink with a drain, and only one out of every ten had an indoor toilet.

If farm homes could be brought up to the American standard of living -- or even to the minimum standards of health and decency -- the building industry would enjoy boom conditions for many years to come. Even in 1929, about 1,500,000 tenant families were living in houses valued at less than $475; and in the South, half of all farm owners were living in homes worth less than $560. Competent engineers have estimated that it would cost approximately $3,500,000,000 to put our inadequate farm structures in good repair.

A recent study of the purchase of cotton textiles gives an even better indication of underconsumption among low-income farm families. It disclosed that the average housewife spends $6.94 a year for cotton wearing apparel; but if the family's income is less than $500 a year, her purchases of cotton declines by nearly one-half. The average husband spends $12.02 annually for cotton clothing; but his expenditures for this commodity falls by more than half, if the family income is below $500. Cotton household items, such as sheets and towels, cost the average family $6.88 a year; but for the income class below $500, this expenditure falls to $1.64.

The survey also indicated that if family incomes could be raised to a minimum of $1,500 a year, purchases of this kind of cotton goods would increase by about $208,000,000 annually. Of this sum, about $110,000,000 would go into manufacturing, $70,000,000 into transportation, and $25,000,000 into raw cotton. Comparable increases, of course, might be expected in the consumption of other necessities. The survey gives only a hint of the spurt in industrial profits and employment which might be expected if this low income group could even approach the American standard of living.

There is no single, simple answer to the problem of rural poverty. Industrial recovery would provide an outlet for some of the surplus population which is piling up on the farm; but it would have to go far beyond the 1929 level of activity and absorb millions of urban unemployed, before migration to the cities could be resumed on the old scale. Some way may be found to provide a badly needed expansion of the service employments -- particularly education and health -- in the rural areas. A housing program to clear out rural slums may develop in the wake of the urban housing movement, as it has in other countries.

A stimulation of industry in rural areas, coupled with subsistence farming, might provide a partial solution.

Against this background of insecurity, destitution and poverty, the Farm Security Administration is conducting a series of programs designed to increase the security and future prospects of many farm people. By far the most extensive in scope is the rehabilitation loan program, which has proved very effective, and which involves a relatively small cost to the taxpayer. It is estimated that more than 1,500,000 low-income farm families are eligible for rural rehabilitation loans. Of these approximately 47% or about 708,000 will have received such assistance from the FSA prior to July 1, 1941. During the latter part of the fiscal year 1940 the county rural supervisors of the FSA reported in detail on additional families who were eligible and in need of rural rehabilitation but to whom loans have not yet been made.

Plan and Progress of Work: Since 1935 the Farm Security Administration has been making small loans -- averaging from $100 to $800 each -- to needy farm families, to enable them to get a new start on the land. Ordinarily such loans are just large enough to finance the purchase of the seed, livestock, and equipment necessary to carry on farming operations. They are repayable over a period of from one to ten years at 5 percent interest.

The Government takes a chattel mortgage on all goods purchased with a rehabilitation loan, and on any other possessions the borrower may have. As an additional protection for its investment, FSA provides technical advice and guidance in sound farming methods to every borrower, to make sure that every penny of the money is used to the best advantage. Each loan is based on a farm and home management plan, carefully worked out by the borrowing family and the FSA county supervisor. Such a plan is the best possible guarantee that the family will become permanently self-supporting, and that the Government's investment will be repaid.

Since this program was started five years ago, the Farm Security Administration has loaned more than $385,000,000 to 800,000 needy farm families -- many of whom were once on relief. Judged by normal standards, these families were the worst possible credit risks, since none of them could obtain adequate credit from any other source. Already, however, they have repaid more than $132,000,000 into the Federal treasury, although much of the money will not be due for several years. It is estimated that approximately 80 percent of the funds loaned eventually will be repaid with interest. The losses are largely concentrated in areas of the Great Plains which have suffered several years of severe drought.

The annual net cost of the rehabilitation loan program -- including all losses and expenses of administration -- amounts to less than $75 for each family aided. This is without doubt the lowest cost to the taxpayer of any kind of help for needy families.

Moreover, rehabilitation differs fundamentally from all other types of aid, because its whole purpose is to help needy families escape the relief rolls and become self-supporting. It has proved eminently successful in achieving this goal. Although the normal period of rehabilitation is five years, and the program has been in operation for only four, more than 110,000 families already have paid off their loans in full and "graduated" into a self-supporting status.

The remaining families have made surprising gains in their net worth, standards of living, and capacity for self-support. At the end of the 1939 crop year, a survey was made to determine the progress of the 360,015 active standard borrowers. This survey disclosed that they had increased their net worth -- over and above all debts, including their obligations to the Government -- by a total of $82,954,656 since they first obtained loans. This was an average increase of $230.42 per family.

At the same time, these borrowers had greatly increased their production of food for home consumption. The average family had increased the amount of fruit and vegetables which it canned from 51 quarts annually to 242 quarts; and its production of milk for home use rose from 99 gallons a year to 448 gallons. Comparable gains were reported in the production of meat and eggs for home use.

This increased production does not mean competition with other agricultural areas, because virtually all of the additional foodstuffs were consumed on the farms which produced them. It does mean better diet and better health for the needy and handicapped families which are taking part in this program. In many cases, rehabilitation borrowers are actually decreasing their production of surplus crops, because they are turning part of their land from cash-cropping to subsistence farming.

The gains in living standards and purchasing power which have been made by Farm Security Administration borrowers have naturally resulted in greater prosperity for the nearby communities. The extent to which local merchants and businessmen appreciate this fact is indicated by a letter which we received from Fayette, Mississippi. It is signed by 73 bankers, plantation owners, merchants, contractors, and professional men of Jefferson County, Mississippi, and it reads, in part:

> "During the past three years we have seen the program grow from 50 clients at the beginning of 1936 to nearly 400 at the present time. We have observed the fact that very few families have been closed out during that period and that substantial progress has been made by the majority of those on the program. We have seen these families improve their standard of living from year to year through the use of a 'Live-at-home' program. We have observed them buying pressure cookers and fruit jars to carry out this phase of the program, and later have seen the results therefrom. We have observed the fact that every encouragement is given that the children of these

families attend school with adequate books and clothing. We have observed that a medical association has been set up in the county which insures adequate medical treatment for each family. We have observed that the morale of these families improves from year to year as they progress under the guidance and supervision of your local representatives. All of these things impress us strongly because, as a whole, they benefit the entire county and the results being obtained are apparent.

"Naturally we, as business men and tax payers, are vitally interested in any program which directly affects so many families in our county, and indirectly affects the entire county. We, therefore, wish to express to your conference our unqualified endorsement of the program in this county and our wish that it could be broadened to include hundreds of other low-income farmers who need this service and have not yet been able to obtain it.

"We commend the personnel of your county unit here for their splendid work with these families as evidenced by the progress the families are making and their confidence in, and regard for the local administration. We commend further the fine and courteous spirit of cooperation which exists between the local personnel and the citizens and business men of this county.

"Our conclusion, therefore, is that the effects of F.S.A. aid to low-income farmers in this county has been most beneficial and we are asking for more of it."

The rehabilitation loan program can no longer be called an experimental program. It is an effective, thoroughly tested instrument. It has demonstrated that the neediest farm families can be restored to a self-supporting, independent status. Many thousands of them -- which once were a burden on the national economy -- already have become productive members of the community. Their newly-created purchasing power is exerting a far-reaching influence on our entire economic machine.

There is another phase of this activity, known as the community-service and cooperative-loan program. This is nothing more than a simple adaptation of the rehabilitation loan to a group or a community. Usually, it has been used to meet a specific need which has become obvious in a community or among a neighborhood group of low-income farmers. In some areas, however, it is developing toward community planning, with loans based upon a broad survey of needs, similar to that in the farm and home plans of individuals.

When several rehabilitation borrowers living in one community need a piece of heavy machinery, or a pure-bred sire, or other service which no one of them can afford alone, the Administration often makes them a special community-service loan to finance the purchase.

The importance of this program is emphasized by recent developments in American agriculture. The increased use of modern machinery, good livestock, and expert management is resulting in the growth of huge "outdoor food factories," often owned by corporations, which can produce more efficiently than small farmers using hand labor or obsolete tools and methods. In some areas the small farmers are losing out, for lack of equipment which no one small farm can support. But when a group of small farmers get together to buy and use modern machinery and pure-bred sires, they usually are able to compete on more even terms with the large-scale commercial farms.

The purchase of such equipment for community use is generally arranged in one of two ways -- whichever the community prefers. Either the farmers form an association to buy and handle the new service, borrowing individually to contribute to the purchase price; or one farmer can borrow the money, and all the others sign an agreement to use the service at a stipulated price, which will enable the master borrower to repay the loan.

Since the beginning of the program to June 30, 1940, 77 different types of services have been established through such community and cooperative loans. Of the 13,109 services established, 32 percent were for sire service, 43.8 percent were for machinery and equipment services, 22.4 percent were for miscellaneous services, such as home canning equipment, storage facilities, and hatcheries, and 1.8 percent were for the establishment of group medical services. These loans involved approximately $8,666,335 and are serving 291,446 families. In addition, 2,474 services, benefitting 21,362 families, were established without the use of Farm Security funds, through advice and help of Administration employees. The estimated value of these services was $614,927.

A recent survey of the progress made by more than 360,000 typical rehabilitation borrowers in all sections of the country during the five years since the program began revealed that these families had increased their average net incomes from $375 in the year before they came to FSA for help to $538 during the 1939 crop year. This was an increase of forty-three percent, or a total of $58,673,000. In addition these same families had increased their net worth -- over and above all debts -- by twenty-six percent, or a total of nearly $83,000,000. A supervised rehabilitation program is an efficient and common-sense investment for a country to make. It is an effort to place a sound economic base under people to whom it has been denied. It is giving farmers the security of knowing what to do with land. It is undergirding their necessary credit with sound planning. Recent estimations show that this rehabilitation program, counting all losses on loans, the cost of supervision and every other item of expense, costs only about $72 a year per family, whereas work relief in the cities costs about $800 per family per year and even rural relief costs from $350 per year upward. As of June 30, 1940, the Farm Security Administration had made 1,499,527 original and supplemental loans totaling $436,066,391 to 602,468 needy farm families. The average amount of the loans was $277. During the fiscal year 1940, 298,722 original and supplemental loans totaling $94,714,803 were made averaging $318.

The number and amount of original and supplemental loans which have been made, or which it is estimated will be made, is shown below by fiscal years in Table 2. The number of families receiving loans from the inception of the program through June 30, 1940, totaling 602,468, is shown below by states in Table 3.

The amount which has been loaned during each of the fiscal years 1936 through 1940, totaling $436,066,391, and the estimated amount of $125,000,000 to be loaned during the fiscal year 1941, is shown below distributed by states in Table 4. A statement showing the total number of loan agreements approved, the total amount loaned, and the average amount of each loan, by states, from the period of inception through June 30, 1939, during the fiscal year 1940, and from inception through june 30, 1940, is shown below in Table 5.

During the five years of the operation of the rural rehabilitation loan program, there has been a total of 44,858 voluntary and involuntary liquidations and abandonments, totaling $10,984,733.54, under this appropriation. That number, plus the 19,770 cases, totaling $5,206,189.76, under the State Rural Rehabilitation Corporation Trust Funds, is shown below by states, by involuntary liquidations, abandonments, and voluntary liquidations, in Table 6.

Chattels acquired through repossession are loaned to other rural rehabilitation clients in lieu of cash.

It is contemplated that the funds for this program will be obtained, as for the fiscal year 1941, through a loan from the Reconstruction Finance Corporation to the Secretary of Agriculture. The loan from the Reconstruction Finance Corporation would be secured by promissory note and trust agreement, similar to those in use during this fiscal year.

Of the $436,066,391 loaned to rural rehabilitation clients as of June 30, 1940, $169,721,033 has matured. The amount of loans approved and amounts collected, interest and principal, for each of the fiscal years during which the rehabilitation loan program has been in operation is shown in Table 7 below. A total of $140,311,253 or 82.7 percent of the maturities has been collected. The distribution of these amounts by states is shown below in Table 8. It is estimated that during the fiscal year 1941 approximately $60,000,000 will be collected and that during the fiscal year 1942 approximately $65,000,000 will be collected.

Project 2. Rural Rehabilitation Grants:

Objective: To extend direct relief to farm families who are victims of natural catastrophes, such as drought, flood, freeze, or insect ravages, and to indigent families living in rural areas who cannot obtain aid from other sources and who, but for emergency grants, would suffer from hunger or disease; and to aid standard rural rehabilitation loan borrowers where rehabilitation can be accomplished only by such additional aid, usually where unforeseen emergencies not anticipated in the farm management plan arise.

The Problem and Its Significance: Past experience has shown that major natural catastrophes, such as those which have recently occurred in the Carolinas, occur in some part of the country regularly, requiring the administration of direct relief to rural victims. In addition, emergency grants to prevent hunger and disease must be made to thousands of families living in drought areas who are not eligible for rural rehabilitation loans because their land does not contain enough subsoil moisture to justify planting a crop, and to hundreds of families who have migrated form the Dust Bowl regions to the Northwest and Pacific Coast States -- many of whom are earning a scanty hand-to-mouth living as farm laborers -- and to others who have settled on acreages too small or too barren to support a family. This aid must continue as long as abnormally low incomes and unwholesomely low standards of living obtain for a large percentage of our population. Many other farm families are on the brink of becoming standard rural rehabilitation clients, these being generally those families who have a very low present but substantial future prospective income and earning ability. With some assistance through rehabilitation grants and substantial aid and assistance through the preparation of adequate farm and home plans, a rehabilitation loan may be made to these families to and thereby more rapidly assist them to become self-supporting.

Plan and Progress of Work: Farm owners, farm tenants, sharecroppers, farm laborers and other persons who now live on farms or in farm areas, and who when last employed received the major portion of their income from farm operations, are eligible to receive direct relief. Grants are issued without regard to the availability of suitable and adequate soil resources and other conditions and characteristics other than employability. An applicant's need is established when it is determined through investigation that his material and credit resources are inadequate to meet accepted subsistence requirements, to maintain health, or to prevent human suffering; also when rehabilitation can be accomplished only by such additional aid.

Direct relief is administered on investigation and determination of need in individual cases. It is provided to meet emergency needs for food, fuel, clothing, shelter, indispensible medical services, sanitary facilities, and other essential subsistence goods or services. Cash grants average about $20 each. In some cases, where cash grants would either not be feasible or would not satisfactorily meet the need, grants are made in the form of commodities. This is especially true in the case of grants to migrant agricultural workers.

In accordance with the authority of section 2 of the Emergency Relief Appropriation Act, fiscal year 1941, employable recipients of grants are required to perform work on useful public projects. The recipient is required to execute a "Pledge of Cooperation" as a consideration for the grant. This pledge contains such conditions as will require the pledgor to raise a garden, to perform certain work on his own farm for soil improvement, land clearing, building and fence repair, improvement of sanitary facilities, weed eradication, etc. Performance of such work on the farm of the client, in exchange for assistance through grants, helps to maintain his self-respect

and independence and therefore exerts a wholesome influence not only on the client, but also on the community in which he lives. Since July 1, 1935, to June 30, 1940, 6,078,291 grants have been made to 948,499 families in a total amount of $120,207,865. Statements showing the total number of grants, number of farm families receiving grants, and the amount of grant payments made during the fiscal year 1939, cumulative through June 30, 1939, for the fiscal year 1940 and cumulative as of June 30, 1940, by states is shown below in Tables 9 and 10. The number of families receiving grants exclusive of those receiving grants in connection with rural rehabilitation loans, through June 30, 1940, is shown in Table III under Project No. 1.

As long as droughts, floods, damage by insect invasion, and other natural catastrophes continue periodically to rob thousands of farm families of seed, woodstock, equipment, planted crops, and often their very subsistence, the need for the emergency grant program will continue. It is the policy to resort to grants only where it has proved impossible to work out a repayment schedule based on farm and home plans, in connection with a rehabilitation loan. This, together with the practice of careful and thorough investigation of each individual case, has materially reduced the grant load.

Project 3. Rural Rehabilitation Services and Assistance:

(a) Farm and Home Management Assistance

Objective: To assist and guide the loan borrowers in farm and home management practices; to insure the best use of rural rehabilitation loans, and where practicable to render similar aid and assistance to the recipients of grants.

The Problem and Its Significance: Farm and home management assistance is equal in importance to the actual loan in effecting permanent rehabilitation. The nature of the credit advanced to rehabilitation borrowers makes necessary farm and home management assistance which will (1) insure the best use of the loans; (2) enable the borrower to manage his farm successfully under approved agricultural practices and thus be rehabilitated and able to repay the loan; and (3) protect the expenditure of government funds and prevent loss and dissipation by improper management by the borrower. For years low-income farm families in the South, as in all other parts of the country, have been falling behind because they have been unable to keep up with the rapid advances being made in farming methods. To make a living on a farm today demands a full knowledge of crop rotations, cover crops, fertilizers, methods of terracing, contour plowing, and animal husbandry. Further knowledge is also required in the field of bookkeeping, farm accounting, and budgeting. Now knowledge of this type can be obtained; it is available in our schools and colleges; it can be learned by those who have sufficient capital to experiment and finance their own practical education. But for the farmers who have access to neither colleges nor capital, modern farming methods are very hard to obtain. It is this type of knowledge that the farm and home supervisors of the Farm Security Administration are carrying out

over the small farms of the nation. This is a form of adult education which pays large returns.

Plan and Progress of Work: Farm and home management supervisors work personally with each borrower and his wife to determine how the rehabilitation loans shall be most judiciously expended and how through sound advance planning the loan can be repaid. They cooperate with the clients in the purchase of appropriate equipment, livestock, fertilizers, and other operating goods; give regular and periodic assistance to clients in planning management practices, including land use, labor use, agricultural conservation, and soil erosion control; advise the use of certified seed, purebred sires, high-analysis fertilizers, and feed rations; advise on livestock management, crop cultivation, feed production, and gardening; also on the home production, preparation, and conservation of meat, eggs, vegetables, and milk; on clothing preparation; and on health and sanitation; and regarding participation in group and cooperative services.

While borrowers are required to give security for their rural rehabilitation loans, they are unable to obtain adequate credit from other sources. The security they have to offer would probably not be acceptable to regular credit institutions. Supervision is thus required to protect the expenditure of Government funds and to prevent loss and dissipation by improper management by the borrowers. Assistance and guidance in farm and home management practices greatly increase the borrower's ability so that he will be able to manage his own farm successfully under approved agricultural practices while and after being rehabilitated, and in turn be able to repay the rehabilitation loans.

This assistance is rendered personally and directly to borrowers by Farm Security county farm management supervisors and county home management supervisors. These supervisors, assisted by necessary clerical personnel, work out of 2,097 county offices serving all of our clients in all agricultural counties throughout the United States. This personnel is supervised in the technical phases and directions of farm and home management, and group service assistance by district farm and home management supervisors who in turn receive their directions and instructions from regional and state office personnel.

The county supervisors are required to travel to and make personal visits to the farms and homes of borrowers as frequently as their caseload will permit. Usually these visits are at least once every two months. During the fiscal year 1941, approximately 3,917 county farm management supervisors and 2,365 county home management supervisors will be engaged in rendering this assistance as a major part of their duties. The estimate for the fiscal year 1942 would provide 4,850 county farm management supervisors and 2,810 county home management supervisors.

In addition to rendering this assistance to the borrowers to whom loans are made during the current fiscal year, these supervisors

during the fiscal year 1942 would be required to render this assistance to approximately 800,000 rural rehabilitation loan borrowers to whom the Farm Security Administration, and its predecessor, had made loans prior to the beginning of the fiscal year 1942; also to the 30,000 farm tenant borrowers who will by July 1, 1941 have received loans under the farm tenancy program or will receive loans under that program during the fiscal year 1942. Thus, with a total caseload to which this service must be rendered of over 900,000, each county farm management supervisor would have to carry a caseload of approximately 180 cases and each county home management supervisor a caseload of approximately 313 cases. To do a thorough job and make as many visits as are desirable a farm management supervisor could handle about 125 cases and a home management supervisor about 200 cases.

The funds for this project will be expended for (a) field salaries for regional and state personnel supervising district and county farm and home supervisors in the technical phases of farm and home management and group service assitance to borrowers; and for district and county farm and home supervisors during that portion of their time devoted to rendering farm and home management and group service assistance to borrowers; and necessary clerical help; (b) travel of regional and state personnel engaged in technical supervision of district and county farm and home management supervisors in rendering farm and home management and group service assistance to borrowers; and of district and county farm and home supervisors in giving farm and home management and group service assistance to borrowers through farm and home visits; and (c) other incidental expenses including office facilities.

(b) Investigation of Application, and Making, Collecting, and Servicing Loans and Grants

Objective: To investigate all applicants for loans or grants to determine their eligibility, and to prevent abuse of the rural rehabilitation program; to protect the Government's investment in borrower families; to insure maximum effectiveness and efficiency in the making and use of loans and grants; to collect or otherwise realize on loans; to service loans and grants; and to comply with the provisions of executive, departmental, and administrative orders defining rural rehabilitation.

The problem and Its Significance: It is necessary to investigate the need and eligibility of each farm family applying for a loan or grant; to prepare a farm and home plan or a budget to be used as a basis for such a loan or grant and as a guide in the most effective use of the loan by the farmer and his family; to inspect leases for terms of tenure, and search county records for liens and mortgages taken to secure such loans; to service and collect repayments on loans when due from the proceeds of crops, livestock, and livestock products when harvested or marketed; to reinvestigate each borrower on the proposed renewal, extension or supplementing of such loan or grant at the expiration of the period for which originally made; to prepare notes, mortgages, and other evidences of indebtedness offered by borrowers; to repossess and sell chattels and crops of borrowers who abandon their farm operations, or who fail to

comply with the terms of their farm plans, budgets, or loan agreements; to make receipts for and remit to the Treasury loan repayments and proceeds of sale of repossessed chattels and crops; and to account for, record, and audit such transactions in county, district, and/or regional offices.

Plan and Progress of Work: County rehabilitation supervisors with the assistance of county home management supervisors and necessary clerical aid investigate each individual application for rehabilitation aid. They make one or more personal visits to the applicant's farm and home and definitely determine his eligibility. If eligible and funds are available, farm and home plans, as covered by project 3a, are made for cases applying for loans or budgets are made for cases applying for grants. These are prepared as guides to assure the most effective use of the loan or grant. Before a loan or grant is made, favorable recommendation must have been submitted by the county supervisor and approved by the district supervisor. The county supervisor is then responsible for carrying out all the other functions stated above under "The Problem and Its Significance."

These county supervisors are the same personnel as discussed under "Farm and Home Management Assistance." The work although somewhat different in character is done by the same people. Under this program, as under the other, these supervisors work out of 2,097 county offices and service all clients on the rural rehabilitation loan and grant programs being carried on in every agricultural county in the United States. These county employees are supervised by district supervisors who work out of 222 district offices and to whom limited authority has been given to approve loans and grants. Directions, instructions, and policies are received and supervised from state and regional offices. All collection records are maintained in the regional offices where very close supervision and analysis is given to loan cases. The caseload burden and number of supervisors as set forth under "Home and Farm Management Assistance" equally applies to this project. The full time of this personnel is devoted to these two projects. However, whereas under "Farm and Home Management Assistance" assistance is rendered to all loan and some grant cases, the functions under this project are applicable to all loan and all grant cases.

Funds for this project will be expended for (a) field salaries for regional and state personnel supervising personnel in district and county offices and for district and county employees directly engaged in the work of investigating applications for assistance, in obtaining and recording of security instruments, in effecting renewals and extensions, in making collections, issuing receipts, and remitting repayments to the Treasury, in making necessary repossessions and resale of mortgaged property; and for salaries of necessary clerical help; (b) travel performed by regional and state personnel engaged in supervising district and county employees and travel performed by district and county employees in visiting borrowers for the purpose of carrying out the work described above; and (c) other incidental expenses including office facilities, equipment and supplies.

Project 4. Farm Debt Adjustment:

Objective: To carry on voluntary debt adjustment activities between farm debtors and creditors in order to bring down excessive debts within the ability of the debtor farmer to refinance and/or repay, and to give creditors an opportunity of realizing some return on their investment.

The Problem and Its Significance: A large number of farmers eligible for rehabilitation services as well as many farmers in higher income brackets have burdensome debts, which they are unable to pay. Many of these debts were contracted during the era of high prices for produce and farm land and could not be met following the depression of prices and became frozen assets to the creditors. These debts include grocery and clothing bills, medical and veterinary bills, feed, fertilizer, and equipment bills, and chattel and real estate mortgages or interest thereon. Such a reduction is necessary in many cases in order to make a sound loan to a borrower or place a farmer in a position where he can operate his farm without danger of foreclosure.

Plan and Progress of Work: Adjustment of these debts is effected voluntarily by extension, reduction, refinancing, or otherwise, according to the farmer's ability to pay as determined by his individual circumstances. Farm debt adjustment negotiations are carried on by voluntary state and county committees of local citizens, appointed by the FSA. The FSA acts as an intermediary in organizing and appointing the local committees, and in bringing farmers and creditors together in an atmosphere of mutual friendliness. There are more than 11,500 committee members actively engaged in this work in 2,900 counties. A few of these committeemen receive compensation, while the majority only receive reimbursement for out-of-pocket expenses incurred by them in attending meetings. Their activities are supervised and coordinated by Farm Security district and county rehabilitation supervisors. In many instances, the district and county supervisors assist in bringing debtors and creditors together and, by personal visits, assist in bringing debtor cases before the committee. They also visit creditors when called upon to do so. The debt situation of the prospective rehabilitation client may have an important bearing on the probability of his success in obtaining a self-reliant position.

Where prospective clients have outstanding debts and obligations, these must usually be adjusted within the client's ability to repay on the basis of normal income-producing probabilities of the farm. Payment of the debt on the adjusted basis is provided from the probable income as shown in the farm and home plan. Although the adjustment of debts forms a valuable and necessary part of the rehabilitation of the Farm Security clients, this service has not been confined to rehabilitation loan borrowers, but has aided many farmers who required no further help from the FSA. A group debt adjustment program has also been set up to help farm community organizations, such as drainage or irrigation districts, which are overburdened with debt. Through friendly negotiation, as of June 30, 1940, 127,812 farmers

had reached agreements with their creditors for scaling down debts totaling $425,164,491. Adjustments totaled $106,438,612 or about 25 percent. In many instances in which the total debt was not reduced, terms and interest rates have been revised. Such adjustments have helped many farm families to escape foreclosure, and have enabled creditors to collect something of what would otherwise have been a hopelessly bad debt. As a direct result of farm debt adjustment activities, farmers have paid more than $5,183,000 in back taxes to local governmental agencies. Table 11, below, shows the status of the farm debt adjustment program by states as of June 30, 1940

These funds will be expended for (a) field salaries for supervisory personnel in regional, state and local offices; and for out-of-pocket expenses for more than 11,500 committee members in approximately 2,900 counties; (b) travel for field personnel in directing the activities of the local committees through personal visits; and (c) other incidental expenses including office facilities, equipment, and supplies.

Project 5. Rural Rehabilitation Projects, Including Technical Services:

Objective: To make certain additions to and alterations in rural rehabilitation projects presently being administered by the Farm Security Administration; to develop good agricultural land previously acquired by the United States; and to provide work for stranded industrial workers through useful land development work projects.

The Problem and Its Significance: Under the authority contained in the Emergency Relief Appropriation Acts of 1935 through 1938, the Farm Security Administration and its predecessor, the Resettlement Administration, purchased land and constructed resettlement and suburban projects. A complete report on the development and operation of these projects, now under the jurisdiction of the Farm Security Administration, is submitted with and made a part of this justification.

At the close of the fiscal year 1938 most of the projects had been substantially, if not fully, completed. In the last two years, however, during which time the Farm Security Administration has been operating these projects, that Administration found that certain additional items of construction and development were required in order to round out and otherwise make the project complete and provide the necessary facilities for the occupants. Most of these items were in the nature of relatively small additions and betterments to the present properties, such as adding on an additional room to houses which, when built, did not provide adequate rooms for a farm family; the addition of necessary barns, outbuildings, poultry houses, etc.; the completion or the construction of road systems necessary for the ingress and egress of the farm families; the construction of school facilities at locations where no other school facilities were available within reasonable traveling distances; and the leveling, clearing, and ditching of land necessary in order to provide the required acreage, irrigation, and drainage for efficient and economic farming.

Several of the projects constructed for part time industrial workers by the Subsistence Homesteads Corporation were transferred to the Farm Security Administration. These projects are composed of units of relatively small acreage, inadequate for full time farming. At best, the occupants are able to raise their own subsistence. It had been hoped that they would also be able to find part time employment in industries which were expected to be established in the locality. This, however, did not materialize on the expected scale. While some of the occupants found employment anyway, a large number of them did not. Hence, it is necessary for the Government to step in with a work program. Otherwise the unemployed project occupants have to move away from the project, only to be replaced by others who will eventually find themselves in the same condition. In addition to being useful and necessary for the betterment of the project, the Government's work program provides project occupants with sufficient employment and income to permit them to maintain an acceptable standard of living until such time as they do find work.

Plan and Progress of Work: The major land development and construction work on the resettlement and suburban projects has been completed substantially in accordance with the plans that were designed for the project. During the last two years some relatively small additions and betterments, as mentioned above, have been made to these projects. Under the estimate as submitted for the fiscal year 1942, it is planned to complete, and make some additions and betterments to, the properties on some 40 to 50 of the resettlement and suburban projects presently under the administration of the Farm Security Administration. As a part of this work, it is planned to construct schools and/or community buildings on the following projects, at the estimated cost indicated:

Clover Bend Project School	$ 12,300
Terrebonne Community Building and School	20,000
Trumann Farms Community Building and School	25,500
St. Francis River Farms Community Building	14,500
Desha Farms Economics Building	8,000
Fannin Farms Community Building (completion)	3,000

Other work will consist of: Completing the land leveling and development, and the installation of an irrigation system on the uncompleted portion of the San Luis Valley Farms Project, in Colorado, at a cost of approximately $40,000; the installation of storage tanks in approximately 100 units on the Western Slope Farms Project, in Colorado, at a cost of about $3,000, to replace the present water system which is adequate only for irrigation, washing, and the watering of livestock; and the extension and/or surfacing of approximately 57 miles of road throughout 18 projects located in Arkansas, Mississippi, Louisiana, Georgia, and Alabama. The roads on these projects were never developed and have been severely damaged by severe rains and floods during the past two years. All additional work proposed to be done during the fiscal year 1942 will consist of minor additions and betterments to the projects, for which work no other funds are legally available.

Approximately $250,000 of the $600,000 requested under this project will be used to provide work in the form of useful land development and minor construction work projects for part time industrial workers located on subsistence homesteads projects. While the expenditure of these funds will provide work relief to some 500 stranded industrial workers and their families, the work which will be carried on, although not essential, is highly desirable and will contribute to the future earning ability of the occupants and permit them to enjoy additional facilities and accomodations.

Project 6. Migratory Labor Camps, Including Technical Services:

Objective: To manage, operate and maintain the full time migratory labor camps, seasonal camps, mobile camps and labor homes previously constructed, and to develop additional camps and related facilities which will afford needy migrant agricultural workers an opportunity to live in decent surroundings by providing minimum living quarters, and in some cases a small plot of land for subsistence needs; by making available kitchen, laundry and sanitary facilities; by conducting clinics, nurseries, isolation units and repair shops; and by restoring a form of community, social and self-governing life through the erection and supervision of recreation halls, utility and assembly buildings.

The Problem and Its Significance: The best unofficial estimates place the total number of migrant families engaged in agricultural labor at approximately 500,000. As many as 200,000 families are following the crops from Arizona and California up the Pacific Coast to Oregon, Washington and Idaho. In Texas, New Mexico, Oklahoma and Arkansas the number of migrant families working in the cotton, wheat, citrus and truck crops has been estimated at well over 100,000. The remaining migrant families find their chief employment along the Atlantic Seaboard, from Florida to New Jersey, in Missouri, Ohio and Michigan, or in the beet fields of Colorado and Montana.

A typical migrant family may travel 3,000 miles a year, trying to pick up a few days' or several weeks' work in the various field and orchard crops. Such families probably have the lowest living standards of any group in the United States. Their incomes average between $200 and $450 a year. They have no homes except temporary roadside or ditch-bank camps, often without any kind of sanitary facilities or even a decent water supply. Traveling in automobiles packed with tents, bedding and a few simple household utensils, these nomadic families "follow the crops" and the children as well as the men and women work and pick in an effort to earn enough to remain self-sustaining. These children have no chance for education, adequate medical care or normal community life. Malnutrition and disease are common among both adults and children.

The general depression, loss of markets, droughts, dust storms and insect ravages caused thousands of owners, tenants and laborers to be dispossessed. The peak of this upheaval was highest from 1933 to 1936. More recently the increased use of heavy farm machinery, especially in the southern and southwestern cotton growing regions,

has become the important factor in displacing tenants and sharecroppers. In Texas, for example, the number of tractors used in farming increased from 9,000 in 1920 to 99,000 in 1937 -- and it is estimated that every tractor took the place of from one to five tenant families. A few years ago in one Alabama county there were but eight farm tractors; three years later there were 260 tractors in that same county and each was estimated to have forced two families off the land. Most of these displaced families were forced to become wandering laborers, because they could find no other way to make a living in either agriculture or industry.

This tremendous upheaval has increased the migrant population and vastly changed its racial elements as compared to preceding eras. The migratory laborer of today is far different from the "blanket stiff" or "hobo" who followed the wheat harvests and worked in lumber camps a few years ago. Today's drifting worker travels by automobile with his family and children. Now, about 85 percent of these migrant families are from native-white American stock. They have largely replaced the Mexican, Filipino, Japanese and Chinese workers who once supplied the bulk of the seasonal labor which is necessary in the industrialized farming areas. Many of these migrants were once relatively prosperous farm owners, who were driven off the land by repeated droughts in the so-called Dust Bowl and northern Great Plains region. Others were tenant farmers or sharecroppers who have been displaced by the growing mechanization of agriculture.

Careful surveys indicate that the great majority of these families have become migrants only recently. Almost one-half of them had lived for 20 years or longer in the states from which they came, and only 17 percent had lived for less than 5 years in their states of origin. The heads of these families are men in their best working years. The average age for all heads of households is 33 1/2 years. Only 7 percent were 55 years of age or older. The average family in this group consists of 2 adults and 2 or 3 children.

In order to understand this type of worker better, it is necessary to know the conditions that have brought about the need for such labor and to examine the changes in the cultivation and growing of crops requiring peak labor needs at particular seasons and places. California, because it has led in the development of large scale, mechanized and industrialized farming, and set the pace for similar methods and techniques elsewhere, is considered in the following description, but observation will reveal like conditions in all intensive crop states, and a general expanding trend of these conditions.

The present labor situation in California becomes apparent when one considers that in 1879 only four percent of California's total paid farm workers were engaged in harvesting intensive crops while fifty years later more than 75 percent of that same laboring class was so engaged. Records of several large scale farms show that while twenty acres of hops required only 12 men during the growing season, between 450 and 500 men are required during the harvest. Similar conditions exist in the deciduous fruit crops. On a 2,000 acre peach farm, only

30 regular employees are used while 200 to 250 men are added during the pruning period, 700 are needed for thinning, and 1,000 more added for picking.

Changes in irrigation methods have brought about the shift from field crops to the growing of higher yielding crops that require large numbers of workers during the harvest. Since that change began, crop production has increased until now more than 100 different crops, harvested with peak labor needs, are marketed in carload lots. The harvesting of these crops has brought about a top labor need that is an economic necessity. So long as agriculture follows its present trend, migratory labor must play an important part and it must be dealt with as a recognized part of the agricultural system.

The appearance of this huge migratory army has created grave social and economic problems for both State and Federal Governments. Some of the most serious problems are in the fields of health, housing, and education.

Health: The crowded, unsanitary conditions under which most migrants are forced to live, with little or no medical attention, constitute a health menace both to themselves and to the communities in which they live. There is constant danger of epidemics, particularly of typhoid, scarlet fever, and smallpox.

In the summer, there is a sharp increase in child mortality among the migrants as a result of eating unripe or unwholesome fruit, and drinking contaminated water. In the winter, there is a sharp rise in pneumonia, influenza, and pulmonary diseases, since the migrants rarely have adequate clothing or shelter.

The constant movement of these families creates a year-round danger of the spread of communicable diseases -- especially tuberculosis, syphilis, malaria, and infantile paralysis.

Housing: The following are excerpts from the reports of trained investigators, who recently made a study of housing conditions in the states with the most serious migratory problems:

1. California: In Imperial Valley in a typical ditch-bank camp, dwellings were constructed of old tents, gunny sacks, dry goods boxes, and scrap tin. All the shacks were without floors -- very dirty and swarming with clouds of flies. No sanitary facilities and backyard used as toilet. Irrigation ditch half-filled with muddy water used for all purposes.

2. Florida: Typical housing for migrants: Fourteen-room shelter, each room containing a family numbering from 2 to 10 people, each room renting for $1.50 per week. During the 8-month season the landlord receives $819. The cost of building this shelter was $400. For each 4 to 8 such shelters, the common practice is to have a single open-pit toilet.

3. Arizona: Cotton-picking season: Housing consisting of deserted chicken sheds and a barn. Eight or ten families lived in the barn with rough rag partitions for privacy and slept on the bare dirt floor. No toilets at all.

4. New Jersey: Housing consists of crude barracks, particularly in the cranberry bogs, designed to house 10 to 30 families. Absolutely no comforts or conveniences. No bathing or laundry facilities.

5. Michigan: In the onion fields, families were noted living in sheds which had been put up originally to house ducks.

6. Texas: During the harvest season, the community becomes an open camp with a huge fluctuating migrant population deprived of facilities for washing, bathing, cooking. "Jungles" spring up as seasonal suburbs.

Education: Migrant children have little or no opportunity for even a minimum of education. Usually they cannot attend classes, because they have to work in the fields with other members of the family. Moreover, few communities provide adequate school facilities for migrant children, since they are in a given area only for a few weeks a year.

Even where school facilities do exist, migrant children must interrupt their attendance every few weeks, as the families move on to another locality. Under such circumstances, satisfactory education is virtually impossible.

Plan and Progress of Work: A great part of the "migrant problem" lies back in the areas from which the wanderers have come. The measures which the Farm Security Administration is taking to increase security of tenure and to help farmers climb to individual ownership are an attack on the migrant problem at its source. But there remains the immediate distress of the thousands of wandering farm families; and it is recognized that if mechanized farming is not to be abandoned entirely, a large group of migrants must continue to follow the crops. These people need decent shelter, better routing into areas where jobs can be found, some chance to educate their children, and if possible steadier and more localized employement.

The Farm Security migratory labor camps were set up to provide temporary shelter and essential sanitary facilities for the families following seasonal farm work. A typical camp provides a minimum of decent living facilities. It usually consists of 200 or 300 small shelters or platforms on which the migrants can pitch their tents, and a utility building containing shower baths, toilets, and laundry tubs. It also has an isolation unit for contagious diseases, a nursery, first aid room, child clinic, and office and living quarters for the camp manager, and possibly an assembly building.

A migrant family usually stays in a given camp only as long as it can find work in the vicinity, usually from a week to three months. In some instances, however, a limited number of low-cost labor homes

have been built adjacent to the camp for such workers as can find fairly continuous employment in the neighborhood. Such homes are equipped with gardens which enable the occupants to supplement their income by raising some of their own foodstuffs. These labor homes constitute an effort to stabilize a small part of the army of migrants, by giving a few families an opportunity to settle down with relatively steady work.

Small mobile camps have also been developed which can be moved by truck and trailer from one area to another as the migrant families follow the crops. These mobile camps have been designed to provide facilities for approximately 200 families, including tent plantforms, electrical and water systems, privies and roads. The manager's headquarters, the showers, clinic, and the power, pressure and laundry units have been built on trailers. These mobile camps operate at three or four different sites during the crop season where there are heavy concentrations of agricultural laborers, but practically no housing facilities.

A manager employed by the Federal Government supervises the camp; but many details of camp government are handled by a council, elected by the camp residents. Voluntary committees usually are formed by the residents to handle child welfare and kindred problems. Most camps also have "good neighbor" committees, which provide food and clothing for the neediest families. Such committees have kept hundreds of destitute migrants off the local relief rolls.

At the close of the 1940 fiscal year, the Farm Security Administration had provided 5,574 tent platforms, 5,902 shelters, and 1,729 labor homes which afford facilities for 13,205 families, or accomodate approximately 55,000 people at any one time. The names and locations of the individual camps, the family units already made available, the acreages and costs of the land involved, and the cumulative development costs through June 30, 1940, are shown below in Table 12.

During the fiscal year 1941, it is planned to construct eleven additional standard camps and several additional mobile camps as well as to expand the number of family units on certain of the existing camps. When the 1941 program is completed, it is estimated that an additional 1,000 tent platforms, 1,850 shelters, and 495 labor homes, or accomodations for an additional 15,000 people, will be made available.

The operation and maintenance of all these camps will amount to approximately $1,600,000 during the fiscal year 1942. The 1942 estimate of $1,600,000 will provide for all expenses incidental to the operation of the 16,550 family units which will then be in use, as well as for necessary utilities and all on-site services. Based upon actual experience, the average operating costs for these camps will be $96.68 per family-year, or $22.86 per man-year. The average occupancy for the shelters and tent platforms has been 57 days, whereas the average occupancy for the labor homes has, to date, been slightly less than

two years. After allowing for normal vacancies between crop seasons, it is estimated that there will be 67,810 families, or 284,800 persons, in occupancy during the fiscal year 1942. The operating costs, excluding all revenues, will therefore be approximately $23.60 for each family, or $5.62 for each person, served.

An additional $178,000 will be required for administrative services and related obligations incidental to the over-all supervision and off-site servicing of this program in Washington and the field. With the remaining $3,222,000 of the $5,000,000 now requested, the Farm Security Administration expects to develop about 9 additional standard camps and 6 additional mobile camps as well as to expand the facilities on certain camps already in operation. It is planned to locate the majority of these new camps in the 12 states in which migrant labor camps will already have been established. Consideration is being given, however, to the need for such facilities in Michigan, Colorado, Arkansas, and New Jersey.

Occupants of the labor homes are charged a fixed monthly rental ranging from $6 to $15 per month. The camp managers are required to pay a rental of from $15 to $35 per month. Other camp employees are charged for the shelters or labor homes used by them, commensurate with the facilities afforded.

The total income anticipated from these sources during the fiscal year 1941 is $120,000, and for the fiscal year 1942 such income will probably total $215,000. These funds will be deposited into a receipt account with the United States Treasury and warranted to a trust fund ("Operation and Maintenance of Resettlement and Rural Rehabilitation Projects, Farm Security Administration") from which expenditures may be made in accordance with the Bankhead-Black Act of June 27, 1936.

All camp occupants pay from ten cents a day to one dollar a week into a general fund which is administered by the camp committee and the camp manager. These funds are used for incidental expenses and various activities for which federal funds are not provided. All payments from this fund are made by check and the accounts are subject to audit by Farm Security representatives.

In addition to these nominal charges, all occupants are required to contribute from two to four hours each week for general clean-up and maintenance work.

Project 7. Water Utilization Projects, Including Technical Services:

Objective: To provide needed water facilities for farm families in arid and semi-arid areas.

Problem and Its Significance: The proper utilization and conservation of available water is an essential necessity to the stabilization of farming and ranching activities in most of the arid and semi-arid areas, principally in the western and southwestern portions of the United States.

Such facilities are important factors in the efforts of the Government in providing for the long-range welfare of the people living in the area. (A more detailed statement of the problem and significance of the water facilities program may be found under the appropriation "Water Facilities, Arid and Semi-Arid Areas").

Plan and Progress of Work: The work is accomplished through careful planning of the areas in which the supply of water is either inadequate or limited, and the construction or repair of the necessary facilities for water storage, conservation, and utilization, including dams, reservoirs, installation and laying of pipe lines, well digging, and drilling. These facilities are provided by force account or under contract through the making of direct loans and supplementary grants, whichever is the most practical and economical. The funds made available for water facilities under this appropriation are used to provide loans and grants to low-income rural rehabilitation farm families. In essence, the water facilities loan and/or grant is, to a large extent, a major factor in and part of the rehabilitation of farm families elibible for rehabilitation assistance and located in the arid and semi-arid areas. None of the funds available under this project are used for loans and/or grants to other than low-income farm families.

In most instances, the required labor is done by needy farm laborers, tenant farmers, needy farm owners, and relief laborers living in the areas wherein the work is prosecuted. The work is done under the supervision of competent engineers of the Soil Conservation Service. Appropriate farm and home management plans, security documents, and other contractual arrangements are negotiated and completed under the supervision and direction of the county rehabilitation supervisors of the Farm Security Administration. Notes and mortgages, taken as security for the work, are accounted for and collections made against them by employees of the Farm Security Administration.

Of the $2,350,000 estimated for this purpose for the fiscal year 1942, $850,000 would be made available by direct appropriation, and the balance, $1,500,000, by loan from the Reconstruction Finance Corporation, in the same manner as provided for under rural rehabilitation loans. Of the $850,000 to be provided by direct appropriation, approximately $250,000 will be used for grants to supplement the loans made under this program, and the balance, $600,000, for the employment of planning, supervisory, and construction personnel, including state and local supervisors, engineers, and necessary clerical and labor assistance, as well as their travel and incidental expenses. It is not contemplated that any portion of the money made available for this purpose will be expended for departmental employees or expenses.

Project 8. Administrative Expenses:

Objective: To administer the rural rehabilitation programs as provided for by Executive Order and under this and prior Acts.

Plan and Progress of Work: The Farm Security Administration, to which the major portion of the funds under this project is made available,

is a decentralized organization. For the purpose of administering the rehabilitation programs, the Farm Security Administration has divided the area covered by its program, i.e., the United States, Hawaii, Puerto Rico, and Alaska, into twelve regions. The Washington organization is composed of the Administrator's office and operating and servicing divisions as shown by the attached chart - each of which, with respect to the portion of the program assigned to it, plans and develops its program; advises the Administrator with respect to its policies and procedures; recommends the necessary standard forms, procedures, and instructions therefor; observes for the Administrator, by field trips and analysis of reports, the progress of its own program and the general application of approved policies and procedures, and reports thereon to the Administrator.

The program is carried out and administered by the twelve regional offices in accordance with the policies and procedures formulated by the Washington divisions. The regional offices are located in the following cities: Upper Darby, Pennsylvania; Milwaukee, Wisconsin; Indianapolis, Indiana; Raleigh, North Carolina; Montgomery, Alabama; Little Rock, Arkansas; Lincoln, Nebraska; Dallas, Texas; San Francisco, California; Denver, Colorado; Portland, Oregon; and Amarillo, Texas. Each region embraces territory in two or more states in which similar problems of land use and farm management are encountered. The regional offices are under the jurisdiction of regional directors who report directly to the Administrator. Each regional office has full charge of the work in several states that have similar farming conditions and problems. Each regional director has advisory, operating, and service staffs, to assist him in administering the program in the respective regions. The accounting and other fiscal work is under the supervision of the finance regional manager, who reports directly to the Chief Fiscal Officer in Washington.

The Office of the Solicitor, to which a portion of these funds are made available, has field attorneys located near or with the regional offices of the Farm Security Administration for the purpose of handling all legal matters which may arise in connection with the administering of the rehabilitation program.

The salaries and expenses of all personnel located at the seat of Government, and of all personnel located in the regional offices, working on rural rehabilitation, including administrative, technical, and legal personnel, are paid from the funds made available under this project. In addition to administering and performing necessary functions in connection with the program provided for during a particular fiscal year, it is necessary that adequate accounting records, client files, and other records be maintained in connection with all loans which have been made with funds available under prior Acts. The volume of work in this connection is constantly increasing at a minimum rate of 100,000 cases per year. Adequate servicing and handling of all problems in connection with these accounts must be promptly and thoroughly dealt with in order to protect the Government's interest therein.

Due to the administrative expense limitations, which have been heretofore included in the Emergency Relief Appropriation Acts, it has not been possible to provide for the employment of the number of employees required to adequately administer the program. It is contemplated that during the fiscal year 1942 additional employees can be employed so as to provide the services required to properly administer the rural rehabilitation program.

Administrative expense as distinguished from rural rehabilitation services and assistance includes all expenses at the seat of the Government and most of the expenses incurred in the regional offices. This cost includes the classifying, appointing, and administering personnel; legal and accounting expenses; expenses of purchasing supplies and materials, and acquiring space; and technical coordinating and advisory services incidental to carrying on a widespread and diversified program. Such costs include salaries, travel, communications, supplies, space, and other incidental expenses.

For a more complete history on the creation and organization of the Farm Security Administration and its activities, reference should be made to page 239 of the special report made by the Secretary of the Treasury to the Senate in response to Senate Resolution No. 150.

PASSENGER-CARRYING VEHICLES

The replacement of fifteen (15) passenger-carrying vehicles, as indicated in the Budget schedule, contemplates the trade-in of 1938 model vehicles which will have been operated by January 1, 1942, approximately 60,000 miles each, which is the estimated economical life expectancy. The average cost is $675.00 per car, f.o.b. destination and, based on the prices received, either cash offer or trade-in allowance, the average value of each car being taded in is $55.00. The gross purchase price on this basis is $10,125.00 less tradein value of $825.00, resulting in a net cost to the Government of $9,300.00.

The eighty-seven (87) old vehicles to be operated will be used for the following purposes:

1. For the transportation of personnel traveling from the regional and Washington offices on inspection trips throughout the regions.

2. For the transportation of project personnel such as Farm Management Supervisors, Project Nurses, Home Management Supervisors, etc., within the project area in the administration of their official duties.

The passenger-carrying vehicles assigned for operation from the Washington and regional offices are driven to points in rural areas not served by common carrier. The vehicles are not assigned for operation by any particular individual or group of individuals but are operated on the

basis of a pool with transportation being furnished from the pool to those individuals traveling to such rural points. By exercising a control over the itineraries of travelers, a number of officials can be transported in one car. This combined travel could not always be proposed if personally-owned vehicles were used. The passenger-carrying vehicles being operated on projects are furnished to officials of the projects in most instances as individual assignments, and it has been conclusively shown that considerable savings are effected by furnishing Government-owned vehicles to these individuals for project travel rather than to furnish transportation by reimbursing the employees for the use of their personally-owned vehicles. This is due, primarily, to our ability, in most instances, to purchase gasoline and oil in tank wagon or drum deliveries at a considerable saving over posted service station prices. Further, storage costs are held at a minimum by the utilization of project storage facilities. Maintenance costs are held at a minimum through the employment of equipment maintenance staffs at the larger projects to service all motorized and mechanized equipment or through the negotiation of favorable local servicing contracts through commercial sources. Taking all these factors into consideration, transportation can be furnished by Government-owned vehicles at projects at a considerably lower rate per mile than would be possible by reimbursement at either a predetermined or actual expense rate for the operation of privately-owned vehicles.

Table 1. Number and Status of Farm Operators and Farm Families

State	Number of Farm Operators	Number of Farm Families with a Gross Annual Income of Less Than $600
U. S. TOTAL	6,812,261	1,681,650
Alabama	273,455	105,299
Arizona	18,824	4,430
Arkansas	253,013	84,254
California	150,360	26,244
Colorado	63,644	10,377
Connecticut	32,157	4,080
Delaware	10,381	1,459
Florida	72,857	24,268
Georgia	250,544	88,836
Idaho	45,113	5,789
Illinois	231,312	33,707
Indiana	200,835	40,240
Iowa	221,986	15,457
Kansas	174,589	22,337
Kentucky	278,298	109,762
Louisiana	170,216	58,221
Maine	41,907	11,372
Maryland	44,412	9,862
Massachusetts	35,094	5,522
Michigan	196,517	35,028
Minnesota	203,302	20,016
Mississippi	311,683	104,571
Missouri	278,454	65,473
Montana	50,564	8,028
Nebraska	133,616	8,520
Nevada	3,696	592
New Hampshire	17,695	4,445
New Jersey	29,375	3,394
New Mexico	41,369	12,726
New York	177,025	28,419
North Carolina	300,967	93,533
North Dakota	84,606	4,807
Ohio	255,146	47,280
Oklahoma	213,325	53,286
Oregon	64,826	13,637
Pennsylvania	191,284	40,428
Rhode Island	4,327	793
South Carolina	165,504	62,741
South Dakota	83,303	7,229
Tennessee	273,783	100,615
Texas	501,017	151,289
Utah	30,695	5,416
Vermont	27,061	5,541
Virginia	197,632	69,248
Washington	84,381	16,391
West Virginia	104,747	35,830
Wisconsin	199,877	18,282
Wyoming	17,487	2,576

Table 2. Rural Rehabilitation Loans: Number and Amount of Approved Loans from Emergency Funds, by Fiscal Years

Fiscal Year	Number of Loans			Amount
	Original	Supplemental	Total	
1936	199,316	131,032	330,348	$ 78,508,736
1937	126,177	176,387	302,564	72,173,099
1938	74,638	142,462	217,100	68,182,137
1939	152,845	197,948	350,793	120,487,616
1940	81,250	217,472	298,722	96,714,803
1941 (Estimated)	105,600	216,500	322,100	125,000,000
1942 (Estimated)	61,600	245,000	306,600	100,000,000
TOTAL	801,426	1,326,801	2,128,227	$661,066,391

Table 3. Rural Rehabilitation Loan and Grant Cases, by States, as of June 30, 1940

State and Territory (1)	Number of Families Receiving Loans (2)	Number of Grant-only Cases (3)	Total Number of Loan and Grant-only Cases (4)
U. S. TOTAL	602,468	580,102	1,182,570
Alabama	33,403	30,640	64,043
Arizona	1,845	10,189	12,034
Arkansas	38,053	42,622	80,675
California	5,903	33,046	38,949
Colorado	11,530	5,722	17,252
Connecticut	415	55	470
Delaware	189	25	214
Florida	11,403	18,367	29,770
Georgia	30,229	16,115	46,344
Idaho	5,829	4,004	9,833
Illinois	10,730	11,261	21,991
Indiana	10,796	1,410	12,206
Iowa	14,102	5,672	19,774
Kansas	17,960	17,916	35,876
Kentucky	19,132	20,360	39,492
Louisiana	25,000	2,362	27,362
Maine	3,528	145	3,673
Maryland	1,063	149	1,212
Massachusetts	735	162	897
Michigan	9,502	2,725	12,227
Minnesota	13,033	14,364	27,397
Mississippi	31,539	33,213	64,752
Missouri	27,103	56,719	83,822
Montana	6,840	16,302	23,142
Nebraska	16,235	16,555	32,790
Nevada	531	47	578
New Hampshire	1,282	35	1,317
New Jersey	1,120	146	1,266
New Mexico	5,801	3,386	9,187
New York	5,557	654	6,211
North Carolina	17,655	4,680	22,335
North Dakota	22,889	33,329	56,218
Ohio	12,226	5,714	17,940
Oklahoma	27,842	50,219	78,061
Oregon	4,856	4,675	9,531
Pennsylvania	4,451	325	4,776
Rhode Island	228	93	321
South Carolina	14,366	7,746	22,112
South Dakota	26,495	30,921	57,416
Tennessee	12,326	1,857	14,183
Texas	50,611	21,209	71,820
Utah	5,716	2,275	7,991
Vermont	1,183	172	1,355

Table 3. (Continued)

State and Territory (1)	Number of Families Receiving Loans (2)	Number of Grant-only Cases (3)	Total Number of Loan and Grant-only Cases (4)
Virginia	10,073	132	10,205
Washington	4,838	8,014	12,852
West Virginia	8,380	2,055	10,435
Wisconsin	13,012	39,535	52,547
Wyoming	4,528	2,778	7,306
Hawaii	44	0	44
Puerto Rico	361	0	361
Virgin Islands	0	5	5

Table 4. Rural Rehabilitation Loans by States and by Fiscal Year

State and Territory (1)	1936 (2)	1937 (3)	1938 (4)	1939 (5)	1940 (6)	Cumulative as of June 30,1940 (7)	Estimated 1941 (8)	Total (9)
U. S. TOTAL	$78,508,736	$72,173,099	$68,182,137	$120,487,616	$96,714,803	$436,066,391	$125,000,000	$561,066,391
Alabama	2,173,181	3,520,677	2,791,603	7,799,028	4,472,311	20,756,800	5,717,800	26,474,600
Alaska	0	0	0	0	184,000	184,000	0	184,000
Arizona	332,592	241,442	478,902	566,367	380,958	2,000,261	498,200	2,498,461
Arkansas	2,562,862	3,177,474	2,913,475	7,168,331	4,382,572	20,204,714	4,710,900	24,915,614
California	2,103,602	1,764,539	1,381,326	1,752,830	1,205,266	8,207,563	2,419,600	10,627,163
Colorado	3,081,885	2,047,721	2,780,037	3,577,980	2,747,378	14,235,001	3,621,210	17,856,211
Connecticut	111,835	122,031	67,465	193,539	142,424	637,294	301,000	938,294
Delaware	23,534	12,437	11,688	25,503	78,580	151,742	111,000	262,742
Florida	1,066,897	1,418,585	1,378,389	1,767,834	882,142	6,513,847	1,504,350	8,018,197
Georgia	2,336,466	2,971,062	2,213,095	6,493,047	4,012,309	18,025,979	4,915,950	22,941,929
Idaho	894,792	1,188,983	1,245,877	2,247,025	2,319,666	7,896,343	1,582,800	9,479,143
Illinois	1,613,442	1,534,703	1,458,519	2,725,473	1,975,388	9,307,525	1,945,400	11,252,925
Indiana	1,223,414	1,115,514	1,504,461	2,368,155	1,690,058	7,901,602	1,745,100	9,646,702
Iowa	1,196,508	1,731,338	1,717,973	3,132,188	1,867,855	9,645,862	1,303,600	10,949,462
Kansas	3,713,459	2,398,707	2,491,733	3,257,218	2,811,716	14,672,833	6,588,400	21,261,233
Kentucky	1,243,125	906,214	732,783	1,064,153	1,978,020	5,924,295	2,424,690	8,348,985
Louisiana	2,184,932	2,045,072	2,001,681	3,824,694	2,985,070	13,041,449	3,709,200	16,750,649
Maine	885,857	1,355,833	1,144,038	1,766,018	2,119,397	7,271,143	1,636,700	8,907,843
Maryland	113,535	91,442	49,698	240,679	478,754	974,108	522,000	1,496,108
Massachusetts	190,225	170,016	75,970	205,209	187,286	828,706	301,000	1,129,706
Michigan	1,905,247	771,459	943,632	1,850,857	2,083,718	7,554,913	2,525,200	10,080,113
Minnesota	2,748,964	1,910,362	1,404,978	2,377,569	2,549,014	10,990,887	2,447,200	13,438,087
Mississippi	3,104,737	2,221,569	3,423,627	5,968,001	4,397,162	19,115,096	6,327,112	25,442,208
Missouri	2,161,561	3,246,661	3,291,240	4,657,789	3,340,753	16,698,004	3,480,200	20,178,204
Montana	1,207,895	1,677,247	2,225,402	3,942,301	2,666,728	11,719,573	3,317,690	15,037,263
Nebraska	3,215,266	2,607,510	2,793,476	3,749,536	2,583,637	14,949,425	3,823,200	18,772,625
Nevada	227,692	118,010	129,267	164,696	96,441	736,106	194,000	930,106

Table 4. (Continued)

State and Territory (1)	1936 (2)	1937 (3)	1938 (4)	1939 (5)	1940 (6)	Cumulative as of June 30,1940 (7)	Estimated 1941 (8)	Total (9)
New Hampshire	$ 339,929	$ 264,197	$ 177,302	$ 274,352	$ 322,400	$ 1,378,180	$ 332,800	$ 1,710,980
New Jersey	416,876	375,322	102,564	423,650	432,012	1,750,424	231,000	1,981,424
New Mexico	1,648,422	745,574	496,096	527,617	552,242	3,969,951	1,880,000	5,849,951
New York	793,560	980,944	855,653	1,339,013	1,977,617	5,946,785	1,762,300	7,709,085
North Carolina	1,834,985	1,938,865	1,896,992	3,269,481	3,119,834	12,060,157	3,412,000	15,472,157
North Dakota	2,004,249	2,446,103	1,583,032	3,092,585	1,872,531	10,998,500	2,016,800	13,015,300
Ohio	1,599,809	1,114,380	1,708,825	2,706,832	1,575,256	8,705,102	2,038,800	10,743,902
Oklahoma	2,999,822	3,375,514	2,799,629	4,861,978	5,618,459	19,655,402	4,943,100	24,598,502
Oregon	575,745	896,025	1,210,801	1,471,700	1,120,324	5,274,595	1,595,400	6,869,995
Pennsylvania	878,740	481,445	400,760	986,516	1,428,514	4,175,975	1,820,400	5,996,375
Rhode Island	59,000	73,522	27,079	33,375	48,091	241,067	61,000	302,067
South Carolina	1,669,194	2,236,959	1,666,742	3,213,595	1,217,608	10,004,098	2,817,290	12,821,388
South Dakota	2,283,435	3,448,930	2,684,636	3,821,932	3,117,647	15,356,580	2,911,800	18,268,380
Tennessee	1,519,683	729,087	663,700	1,262,182	1,549,677	5,724,329	2,210,400	7,934,729
Texas	8,348,780	5,829,586	4,881,879	8,414,027	8,486,972	35,961,244	11,696,400	47,657,644
Utah	1,548,560	1,166,732	1,046,599	1,120,362	924,388	5,806,641	1,012,900	6,819,541
Vermont	325,940	278,915	93,669	244,417	396,057	1,338,998	185,300	1,524,298
Virginia	1,504,423	687,789	612,732	814,410	1,347,247	4,966,601	1,808,000	6,774,601
Washington	1,028,353	1,425,564	1,499,550	1,808,772	1,418,207	7,180,946	1,932,150	9,113,096
West Virginia	2,162,765	413,976	384,314	2,099,135	1,317,953	6,378,143	903,600	7,281,743
Wisconsin	2,350,623	1,821,306	1,184,503	2,395,786	2,037,402	9,789,620	1,858,600	11,648,220
Wyoming	991,838	1,075,756	1,553,645	3,136,257	2,254,220	9,011,716	2,140,160	11,151,876
Hawaii	0	0	0	33,840	38,773	72,615	50,000	122,615
Puerto Rico	0	0	0	0	21,790	21,790	80,000	101,790
Virgin Islands	0	0	0	15,624	33,507	49,131	100,000	149,131
District of Columbia	0	0	1,100	234,158	-132,528	102,730	8,000	110,730
Not Allocated by States	-	-	-	-	-	-	7,518,298	7,518,298

Table 5. Rural Rehabilitation Loans

State and Territory (1)	Cumulative as of June 30, 1939			July 1,1939 through June 30,1940			Cumulative as of June 30, 1940		
	Number of Loan Agreements (2)	Average Amount of Loan a/ (3)	Total Amount of Loan (4)	Number of Loan Agreements (5)	Average Amount of Loan a/ (6)	Total Amount of Loan (7)	Number of Loan Agreements (8)	Average Amount of Loan a/ (9)	Total Amount of Loan (10)
U. S. TOTAL	1,200,164	$268	$339,351,588	296,745	$315	$96,714,803	1,496,909	$277	$436,066,391
Alabama	77,164	195	16,284,489	22,179	199	4,472,311	99,343	196	20,756,800
Alaska	0	0	0	0	0	184,000	0	0	184,000
Arizona	2,746	497	1,619,303	608	624	380,958	3,354	520	2,000,261
Arkansas	92,090	146	15,822,142	20,072	199	4,382,572	112,162	156	20,204,714
California	9,625	714	7,002,297	1,881	635	1,205,266	11,506	701	8,207,563
Colorado	24,383	458	11,487,623	5,080	528	2,747,378	29,463	470	14,235,001
Connecticut	596	830	494,870	128	1,113	142,424	724	880	637,294
Delaware	134	546	73,162	185	425	78,580	319	476	151,742
Florida	22,843	240	5,631,705	4,177	206	882,142	27,020	234	6,513,847
Georgia	70,045	196	14,013,670	18,646	209	4,012,309	88,691	199	18,025,979
Idaho	8,764	617	5,576,677	3,307	672	2,319,666	12,071	632	7,896,343
Illinois	15,727	466	7,332,137	4,008	493	1,975,388	19,735	472	9,307,525
Indiana	13,945	437	6,211,544	3,209	516	1,690,058	17,154	452	7,901,602
Iowa	18,213	426	7,778,007	3,219	580	1,867,855	21,432	449	9,645,862
Kansas	44,097	266	11,861,117	10,030	280	2,811,716	54,127	269	14,672,833
Kentucky	16,189	230	3,946,275	11,259	176	1,978,020	27,448	208	5,924,295
Louisiana	47,663	190	10,056,379	11,287	218	2,985,070	58,950	195	13,041,449
Maine	8,422	601	5,151,746	2,813	752	2,119,397	11,235	639	7,271,143
Maryland	878	563	495,354	665	604	478,754	1,543	581	974,108
Massachusetts	1,017	631	641,420	243	771	187,286	1,260	658	828,706
Michigan	9,835	550	5,471,195	2,977	698	2,083,718	12,812	662	7,554,913
Minnesota	14,653	571	8,441,873	5,517	461	2,549,014	20,170	541	10,990,887
Mississippi	85,221	158	14,717,934	20,069	213	4,397,162	105,290	168	19,115,096
Missouri	45,374	291	13,357,251	9,357	354	3,340,753	54,731	302	16,698,004
Montana	13,569	615	9,052,845	2,423	904	2,666,728	15,992	659	11,719,573
Nebraska	35,206	347	12,365,788	11,220	230	2,583,637	46,426	319	14,949,425
Nevada	825	745	639,665	137	704	96,441	962	739	736,106

Table 5. (Continued)

State and Territory (1)	Cumulative as of June 30, 1939			July 1,1939 through June 30,1940			Cumulative as of June 30, 1940		
	Number of Loan Agreements (2)	Average Amount of Loan a/ (3)	Total Amount of Loan (4)	Number of Loan Agreements (5)	Average Amount of Loan a/ (6)	Total Amount of Loan (7)	Number of Loan Agreements (8)	Average Amount of Loan a/ (9)	Total Amount of Loan (10)
New Hampshire	1,991	$480	$ 1,055,780	453	$712	$ 322,400	2,444	$523	$ 1,378,180
New Jersey	1,552	667	1,318,412	533	810	432,012	2,085	703	1,750,424
New Mexico	10,633	163	3,417,709	1,543	358	552,242	12,176	322	3,969,951
New York	6,810	534	3,969,170	2,564	753	1,977,617	9,374	594	5,946,785
North Carolina	26,541	270	8,940,323	10,146	281	3,119,834	36,687	276	12,060,157
North Dakota	65,542	135	9,125,969	4,661	616	1,872,531	70,203	152	10,998,500
Ohio	16,768	418	7,129,846	3,400	462	1,575,256	20,168	425	8,705,102
Oklahoma	59,843	232	14,036,943	19,586	287	5,618,459	79,429	245	19,655,402
Oregon	6,915	585	4,154,271	1,896	591	1,120,324	8,811	586	5,274,595
Pennsylvania	4,042	508	2,747,461	2,699	505	1,428,514	6,741	507	4,175,975
Rhode Island	304	635	192,976	45	1,069	48,091	349	691	241,067
South Carolina	33,462	256	8,786,490	6,675	181	1,217,608	40,137	243	10,004,098
South Dakota	84,533	144	12,238,933	6,491	480	3,117,647	91,024	168	15,356,580
Tennessee	14,821	199	4,174,652	8,820	176	1,549,677	23,641	190	5,724,329
Texas	119,917	225	27,474,272	31,132	257	8,486,972	151,049	232	35,961,244
Utah	10,405	461	4,882,253	3,147	278	924,388	13,552	419	5,806,641
Vermont	1,665	566	942,941	759	522	396,057	2,424	552	1,338,998
Virginia	13,534	261	3,619,354	4,901	271	1,347,247	18,435	264	4,966,601
Washington	6,186	913	5,762,739	1,591	889	1,418,207	7,777	908	7,180,946
West Virginia	8,138	327	5,060,190	3,193	336	1,317,953	11,331	337	6,378,143
Wisconsin	16,715	463	7,752,218	4,242	480	2,037,402	20,957	466	9,789,620
Wyoming	10,459	645	6,757,496	3,217	692	2,254,220	13,676	656	9,011,716
Hawaii	40	846	33,840	52	746	38,773	92	789	72,615
Puerto Rico	0	0	0	48	454	21,790	48	454	21,790
Virgin Islands	124	126	15,624	255	131	33,507	379	130	49,131
Dist. of Columbia	0	0	235,258	0	0	-132,528	0	0	102,730

a/ Average based on loans to individuals.

Table 6. Number and Estimated Amount of Involuntary Liquidations, Abandonments, and Voluntary Liquidations, by States, as of June 30, 1940

States	Involuntary Liquidations		Abandonments		Voluntary Liquidations		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
U. S. TOTAL	1,919	$743,757	13,592	$3,778,624	49,117	$11,668,542	64,628	$16,190,923
Alabama	36	11,461	30	6,603	1,801	419,345	1,867	437,409
Arizona	25	5,186	10	3,891	72	37,576	107	46,653
Arkansas	148	31,953	7	2,463	9,652	1,222,715	9,807	1,257,131
California	18	17,117	53	33,537	532	547,699	603	598,353
Colorado	28	21,344	13	9,196	206	153,682	247	184,222
Connecticut	0	0	0	0	9	8,255	9	8,255
Delaware	0	0	0	0	9	3,235	9	3,235
Florida	10	7,932	5	1,101	146	60,219	161	69,252
Georgia	37	17,716	17	4,040	2,495	875,795	2,549	897,551
Idaho	14	12,797	4	2,380	150	64,130	168	79,306
Illinois	4	1,991	24	11,250	419	177,924	447	191,165
Indiana	3	2,806	42	18,044	390	140,615	435	161,465
Iowa	4	1,527	32	10,289	400	157,664	436	169,480
Kansas	25	11,646	11	12,369	458	289,369	494	313,384
Kentucky	45	11,655	1	112	849	181,109	895	192,875
Louisiana	96	27,712	3	2,236	6,723	457,164	6,822	487,112
Maine	1	411	1	2,304	146	99,106	148	101,821
Maryland	1	1,254	0	0	12	11,029	13	12,283
Massachusetts	0	0	1	780	40	27,127	41	27,907
Michigan	288	104,765	185	23,186	773	293,284	1,246	421,235
Minnesota	91	40,820	261	24,135	837	285,082	1,189	350,037
Mississippi	62	11,263	24	5,434	6,804	872,273	6,890	888,970
Missouri	24	13,036	140	48,797	1,049	365,272	1,213	427,105
Montana	11	8,915	5	6,239	93	74,801	109	89,955
Nebraska	24	17,202	28	19,695	513	374,767	565	411,664
Nevada	0	0	6	4,051	5	4,444	11	8,495
New Hampshire	0	0	1	1,417	80	38,202	81	39,619
New Jersey	0	0	0	0	83	67,324	83	67,324
New Mexico	57	33,348	20	9,832	108	63,962	185	107,144

Table 6. (Continued)

States	Involuntary Liquidations		Abandonments		Voluntary Liquidations		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
New York	0	$ 0	1	$ 1,417	172	$ 163,326	173	$ 164,743
North Carolina	28	6,678	3	335	1,152	172,293	1,183	179,306
North Dakota	9	4,426	26	13,409	274	131,676	309	149,511
Ohio	2	623	34	11,119	575	165,353	611	177,095
Oklahoma	116	31,548	2,407	563,190	434	86,466	2,957	681,204
Oregon	14	3,360	9	6,145	166	59,959	189	69,464
Pennsylvania	0	0	1	1,167	167	83,797	168	84,964
Rhode Island	0	0	0	0	5	8,305	5	8,305
South Carolina	9	4,996	4	320	1,833	691,371	1,846	696,687
South Dakota	6	4,075	20	13,539	256	183,890	282	201,504
Tennessee	31	9,120	0	0	2,186	145,391	2,217	154,511
Texas	424	161,047	9,697	2,867,113	3,703	1,160,891	13,824	4,189,051
Utah	4	209	12	1,575	164	372,537	180	374,321
Vermont	0	0	0	0	37	17,131	37	17,131
Virginia	31	14,048	0	0	1,654	257,776	1,685	271,824
Washington	24	17,739	9	9,578	288	183,669	321	210,986
West Virginia	27	6,106	0	0	443	64,718	470	70,824
Wisconsin	133	59,935	442	25,742	704	294,596	1,279	380,273
Wyoming	9	5,990	3	594	50	52,228	62	58,812

Distribution of U. S. Totals by Source of Loans

	Involuntary Liquidations		Abandonments		Voluntary Liquidations		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Emergency Funds	1,279	$541,411	8,495	$2,312,549	35,084	$8,130,773	44,858	$10,984,733
State RR Corporation Funds	640	202,346	5,097	1,466,075	14,033	3,537,769	19,770	5,206,190

Table 7. Rural Rehabilitation Loans and Collections by Fiscal Years

Fiscal Year (1)	Loans, Amount (2)	Collections		
		Principal (3)	Interest (4)	Total (5)
1936	$ 78,508,736	$ 991,875	$ 9,939	$ 1,001,814
1937	72,173,099	22,089,409	923,128	23,012,537
1938	68,182,137	26,117,504	1,221,805	27,339,309
1939	120,487,616	33,209,930	736,731	33,946,661
1940	96,714,803	47,388,197	7,622,735	55,010,932
TOTAL	$436,066,391	$129,796,915	$10,514,338	$140,311,253

Table 8. Rural Rehabilitation Loans, Maturities, and Collections, Cumulative Through June 30, 1940

State and Territory (1)	Loans (2)	Maturities (3)	Collections 1/ (4)	Percentages Collected as Compared With Maturities (5)
U. S. TOTAL	$436,066,391	$169,721,033	$140,311,253	82.7
Alabama	20,756,800	5,913,662	6,230,756	105.4
Alaska	184,000	0	0	0.0
Arizona	2,000,261	817,616	641,680	78.5
Arkansas	20,204,714	6,776,260	6,833,926	100.9
California	8,207,563	4,937,583	2,900,237	58.7
Colorado	14,235,001	5,841,087	4,225,905	72.3
Connecticut	637,294	407,305	309,917	76.1
Delaware	151,742	44,541	24,892	55.9
District of Columbia	102,730	1,278	499	39.0
Florida	6,513,847	2,558,280	1,944,408	76.0
Georgia	18,025,979	5,611,751	5,937,944	105.8
Idaho	7,896,343	4,678,792	2,752,817	58.8
Illinois	9,307,525	3,639,434	3,017,464	82.9
Indiana	7,901,602	3,013,392	2,726,875	90.5
Iowa	9,645,862	3,698,215	3,327,136	90.0
Kansas	14,672,833	4,820,345	3,913,550	81.2
Kentucky	5,924,295	2,396,725	2,136,508	89.1
Louisiana	13,041,449	5,010,459	5,073,384	101.3
Maine	7,271,143	4,292,994	3,098,479	72.2
Maryland	974,108	269,040	210,054	78.1
Massachusetts	828,706	508,049	351,320	69.2
Michigan	7,554,913	2,755,001	2,396,317	87.0
Minnesota	10,990,887	4,180,020	3,904,469	93.4
Mississippi	19,115,096	6,891,308	7,335,374	106.4
Missouri	16,698,004	6,088,708	5,002,079	82.2
Montana	11,719,573	3,845,566	2,906,425	75.6
Nebraska	14,949,425	4,059,931	3,385,479	83.4
Nevada	736,106	339,809	323,353	95.2
New Hampshire	1,378,180	562,193	436,439	77.6
New Jersey	1,750,424	793,284	436,474	55.0
New Mexico	3,969,951	2,209,405	1,662,218	75.2
New York	5,946,785	1,612,685	1,354,976	84.0
North Carolina	12,060,157	5,097,576	4,422,868	86.8
North Dakota	10,998,500	3,456,484	1,563,779	45.2
Ohio	8,705,102	3,456,903	2,743,924	79.4
Oklahoma	19,655,402	7,065,729	6,170,753	87.3
Oregon	5,274,595	3,860,218	2,092,137	54.2
Pennsylvania	4,175,975	891,917	740,977	83.1
Rhode Island	241,067	133,271	92,913	69.7
South Carolina	10,004,098	3,781,878	3,774,499	99.8
South Dakota	15,356,580	4,377,712	2,498,671	57.1
Tennessee	5,724,329	2,183,002	2,266,055	103.8
Texas	35,961,244	18,459,685	14,525,042	78.7
Utah	5,806,641	2,469,415	2,080,161	84.2
Vermont	1,338,998	524,912	539,458	102.8
Virginia	4,966,601	2,341,960	1,902,729	81.2

Table 8. (Continued)

State and Territory (1)	Loans (2)	Maturities (3)	Collections 1/ (4)	Percentages Collected as Compared With Maturities (5)
Washington	$ 7,180,946	$ 5,251,234	$ 2,898,059	55.2
West Virginia	6,378,143	1,360,729	1,167,333	85.8
Wisconsin	9,789,620	3,668,187	3,711,459	101.2
Wyoming	9,011,716	2,759,574	2,313,153	83.8
Hawaii	72,615	5,929	4,399	74.2
Puerto Rico	21,790	0	1,381	-
Virgin Islands	49,131	0	149	-

1/ Collections include prepayments on unmatured principal.

Table 9. Grants to Individuals, by States, July 1, 1935 - June 30, 1940

State and Territory (1)	Total Number of Grants (2)	Total Number of Farm Families Receiving Grants (3)
U. S. TOTAL	6,078,291	948,499
Alabama	136,875	55,319
Arizona	28,301	11,083
Arkansas	103,161	63,695
California	134,310	36,612
Colorado	116,755	13,980
Connecticut	388	114
Delaware	538	101
Florida	71,224	26,696
Georgia	103,454	37,583
Idaho	23,200	6,145
Illinois	70,853	15,486
Indiana	11,547	3,190
Iowa	40,149	9,762
Kansas	434,073	31,416
Kentucky	117,944	27,506
Louisiana	24,859	13,798
Maine	3,581	975
Maryland	2,023	625
Massachusetts	987	330
Michigan	30,929	5,816
Minnesota	140,373	20,969
Mississippi	98,485	56,607
Missouri	367,122	78,936
Montana	240,691	20,748
Nebraska	430,017	28,363
Nevada	483	182
New Hampshire	1,265	331
New Jersey	3,711	661
New Mexico	67,927	6,190
New York	12,742	2,180
North Carolina	36,409	14,082
North Dakota	995,493	52,357
Ohio	38,096	9,624
Oklahoma	354,225	72,784
Oregon	20,458	5,971
Pennsylvania	8,572	2,075
Rhode Island	690	168
South Carolina	55,323	19,189
South Dakota	1,202,397	55,495
Tennessee	20,829	7,922
Texas	196,668	54,039
Utah	21,589	5,231

Table 9. (Continued)

State and Territory (1)	Total Number of Grants (2)	Total Number of Farm Families Receiving Grants (3)
Vermont	1,622	465
Virginia	5,933	2,108
Washington	46,297	10,670
West Virginia	20,127	5,338
Wisconsin	195,044	49,749
Wyoming	40,299	5,584
Hawaii	0	0
Puerto Rico	0	0
Virgin Islands	253	249

Table 10. Grant Payments by States

	Fiscal Year 1939	Cumulative as of June 30, 1939	Fiscal Year 1940	Cumulative as of June 30, 1940
U. S. TOTAL	$22,722,477	$95,985,790	$24,222,075	$120,207,865
Alabama	601,080	946,923	2,608,913	3,555,836
Arizona	395,345	514,139	931,107	1,445,246
Arkansas	260,660	1,109,397	513,186	1,622,583
California	1,658,909	3,404,411	3,376,236	6,780,647
Colorado	235,737	1,710,417	608,791	2,319,208
Connecticut	6,087	10,939	1,293	12,232
Delaware	4,092	8,865	6,293	15,158
Florida	140,124	430,395	860,879	1,291,274
Georgia	340,553	982,138	1,115,898	2,098,036
Idaho	54,878	408,199	176,953	585,152
Illinois	63,942	1,169,439	102,853	1,272,292
Indiana	24,206	196,545	37,573	234,118
Iowa	12,595	711,407	33,709	745,116
Kansas	1,127,615	6,392,405	796,767	7,189,172
Kentucky	116,555	1,612,808	290,879	1,903,687
Louisiana	147,170	305,368	199,170	504,538
Maine	22,877	60,007	46,847	106,854
Maryland	12,080	23,421	29,058	52,479
Massachusetts	12,272	25,918	4,196	30,114
Michigan	70,840	520,513	90,354	610,867
Minnesota	378,431	2,272,449	210,127	2,482,576
Mississippi	285,969	648,786	1,218,394	1,867,180
Missouri	921,218	4,900,588	480,364	5,380,952
Montana	1,494,107	4,389,657	1,059,004	5,448,661
Nebraska	1,325,775	6,816,512	656,137	7,472,649
Nevada	375	8,033	4,918	12,951
New Hampshire	11,872	32,178	10,435	42,613
New Jersey	24,242	78,994	25,715	104,709
New Mexico	213,043	512,787	857,280	1,370,067
New York	128,457	269,364	89,856	359,220
North Carolina	56,386	421,834	449,529	871,363
North Dakota	5,469,876	19,974,440	680,028	20,654,468
Ohio	81,187	695,995	86,786	782,781
Oklahoma	258,601	4,489,145	889,736	5,378,881
Oregon	82,079	358,666	127,669	486,335
Pennsylvania	50,741	135,532	98,629	234,161
Rhode Island	3,378	18,905	2,213	21,118
South Carolina	250,050	737,495	327,589	1,065,084
South Dakota	4,925,667	19,652,903	2,441,203	22,094,106
Tennessee	15,009	216,507	239,254	455,761
Texas	547,217	2,679,656	1,211,195	3,890,851
Utah	17,966	386,353	137,071	523,424
Vermont	10,376	34,818	12,882	47,700
Virginia	32,092	64,333	181,304	245,637
Washington	105,832	839,298	348,146	1,187,444
West Virginia	21,815	324,616	129,139	453,755
Wisconsin	545,327	3,658,816	230,074	3,888,890
Wyoming	155,652	821,356	180,908	1,002,264
Virgin Islands	2,120	2,120	5,535	7,655

Table 11. Farm Debt Adjustment Program, by States, from September 1935 through June 30, 1940

State and Territory (1)	Total Cases Adjusted 1/ (2)	Indebtedness Prior to Adjustment (3)	Indebtedness Following Adjustment (4)	Reduction Amount (5)	Reduction Per cent (6)	Average Reduction Per Case 2/ (7)	Local Taxes Paid (8)
CONTINENTAL U.S., HAWAII & PUERTO RICO	3/ 127,812	$425,164,491	$318,725,879	$106,438,612	25.0	$ 833	$5,183,242
Alabama	5,760	4,981,913	3,851,840	1,130,073	22.7	196	24,213
Arizona	939	1,979,889	1,834,690	145,199	7.3	155	24,005
Arkansas	6,850	11,711,970	7,806,826	3,905,144	33.3	570	162,786
California	1,860	12,216,753	10,489,754	1,726,999	14.1	928	81,320
Colorado	1,992	5,736,587	4,104,586	1,632,001	28.4	819	61,135
Connecticut	412	3,574,762	3,124,853	449,909	12.6	1,092	54,307
Delaware	193	709,491	556,184	153,307	21.6	794	3,815
Florida	2,425	9,234,473	4,756,869	4,477,604	48.5	1,846	121,021
Georgia	3,935	5,274,876	4,408,687	866,189	16.4	220	83,204
Idaho	1,546	13,040,276	7,974,076	5,066,200	38.8	3,277	95,497
Illinois	3,518	16,899,563	12,733,027	4,166,536	24.6	1,184	115,692
Indiana	3,347	9,170,884	7,835,520	1,335,364	14.6	399	77,128
Iowa	6,333	42,887,080	34,735,708	8,151,372	19.0	1,287	276,278
Kansas	4,866	17,330,940	12,080,702	5,250,238	30.3	1,079	142,458
Kentucky	1,552	6,217,573	4,937,122	1,280,451	20.6	825	28,855
Louisiana	4,263	7,037,753	5,144,320	1,893,433	26.9	444	119,942
Maine	1,579	8,067,313	6,493,735	1,573,578	19.5	997	57,507
Maryland	808	4,838,802	3,699,189	1,139,613	23.6	1,410	48,288
Massachusetts	631	4,349,916	4,008,735	341,181	7.8	541	68,803
Michigan	1,330	2,984,011	2,292,222	691,789	23.2	520	45,543
Minnesota	2,858	11,568,909	8,191,637	3,377,272	29.2	1,182	118,716
Mississippi	4,601	7,250,160	5,924,437	1,325,723	18.3	288	117,715
Missouri	5,603	11,839,884	9,118,505	2,721,379	23.0	486	50,408
Montana	1,275	4,078,608	3,036,163	1,042,445	25.6	818	70,982
Nebraska	6,096	21,448,099	15,526,554	5,921,545	27.6	971	296,460
Nevada	62	458,694	352,607	106,087	23.1	1,711	7,965
New Hampshire	211	832,529	698,835	133,694	16.0	634	14,740

State and Territory (1)	Total Cases Adjusted 1/ (2)	Indebtedness Prior to Adjustment (3)	Indebtedness Following Adjustment (4)	Reduction Amount (5)	Reduction Per cent (6)	Average Reduction Per Case 2/ (7)	Local Taxes Paid (8)
New Jersey	461	$ 3,101,538	$ 2,645,072	$ 456,466	14.7	$ 990	$ 29,683
New Mexico	1,616	3,135,986	2,088,204	1,047,782	33.4	648	25,745
New York	2,085	11,139,083	9,394,756	1,744,327	15.6	837	71,423
North Carolina	2,608	4,928,065	3,911,139	1,016,926	20.6	390	106,450
North Dakota	3,218	12,700,168	8,438,498	4,261,670	33.6	1,324	354,031
Ohio	4,414	9,331,887	8,213,501	1,118,386	12.0	253	87,667
Oklahoma	5,573	15,268,764	12,042,942	3,225,822	21.1	579	292,567
Oregon	644	4,630,463	3,527,398	1,103,065	23.8	1,713	61,222
Pennsylvania	2,116	8,997,761	7,543,726	1,454,035	16.2	687	152,642
Rhode Island	86	441,266	433,782	7,484	1.7	87	1,491
South Carolina	2,110	2,228,833	1,726,840	501,993	22.5	238	42,033
South Dakota	6,712	23,463,613	13,056,219	10,407,394	44.4	1,551	578,076
Tennessee	1,991	4,171,418	3,766,121	405,297	9.7	204	74,638
Texas	10,689	35,260,325	27,551,809	7,708,516	21.9	721	567,304
Utah	940	3,878,213	3,322,927	555,286	14.3	591	75,799
Vermont	378	2,008,996	1,583,678	425,318	21.2	1,125	22,177
Virginia	1,706	4,605,735	3,453,618	1,152,117	25.0	675	26,494
Washington	1,376	11,045,567	7,189,944	3,855,623	34.9	2,802	48,108
West Virginia	1,421	4,346,829	3,547,929	798,900	18.4	562	68,828
Wisconsin	1,772	8,307,740	5,251,762	3,055,978	36.8	1,725	68,295
Wyoming	1,045	6,437,972	4,314,067	2,123,905	33.0	2,032	59,786
Hawaii	6	12,561	4,564	7,997	63.7	1,333	0
Puerto Rico	0	0	0	0	0.0	0	0

1/ As of June 30, 1940, there were 19,699 farm-debt cases pending adjustment.
2/ The wide variation in average reduction per case is due to the inclusion of group cases.
3/ Total includes 99 group cases, which directly benefited 14,516 farmers.

Table 12. Migratory Labor Camp Projects
as of June 30, 1940

Camp	County	Number of Family Units: Labor Homes	Tent Platforms	Shelters	Total	Total Land: Acres	Cost	Total Development Cost
U. S. TOTAL		1,729	5,574	5,902	13,205	7,263	$792,991	$10,785,764
Arizona								
Agua Fria	Maricopa	36	-	315	351	116	5,783	363,993
Eleven Mile Corner	Pinal	48	78	215	341	482	25,600	335,454
Yuma	Pinal	36	15	285	336	154	23,250	325,943
Mobile No. 1		-	210	-	210	-	-	27,851
Mobile No. 2		-	210	-	210	-	-	26,112
Mobile No. 3		-	210	-	210	-	-	26,851
State Total		120	723	815	1,658	752	54,633	1,106,204
California								
Arvin	Kern	44	98	141	283	100	13,263	327,122
Brawley	Imperial	-	135	-	185	40	6,389	144,934
Ceres	Stanislaus	50	-	-	50	60	13,665	133,624
Firebaugh	Fresno	36	12	297	345	382	18,037	382,847
Gridley	Butte	25	158	-	183	151	20,000	125,707
Indio	Riverside	40	185	-	225	160	29,600	269,089
Marysville	Yuba	-	185	-	185	50	3,516	142,414
Mineral King	Tulare	18	-	-	18	529	120,112	134,356
Shafter	Kern	40	219	-	259	77	23,334	302,703
Thornton	San Joaquin	30	-	115	145	348	72,111	205,366
Tulare	Tulare	78	64	315	457	76	13,414	384,741
Westley	Stanislaus	24	153	59	236	101	10,123	140,022
Windsor	Sonoma	-	131	-	131	66	8,371	87,824
Winters	Yolo	24	172	-	196	108	30,760	188,042
Woodville	Tulare	73	32	320	425	161	18,485	420,907
Yuba City	Sutter	85	-	268	353	271	21,682	439,340

Table 12. (Continued)

Camp	County	Number of Family Units: Labor Homes	Tent Platforms	Shelters	Total	Total Land: Acres	Cost	Total Development Cost
California (Continued)								
Mobile No. 1		-	200	-	200	-	$ -	$ 48,687
Mobile No. 2		-	210	-	210	32	4,783	31,330
Mobile No. 3		-	210	-	210	-	-	28,249
Mobile No. 4		-	210	-	210	-	-	29,425
Mobile No. 5		-	210	-	210	-	-	29,863
Mobile No. 6		-	210	-	210	-	-	27,236
State Total		567	2,844	1,515	4,926	2,712	427,645	4,023,828
Florida								
Okeechobee	Palm Beach	42	-	316	358	160	15,400	356,537
Osceola	Palm Beach	20	-	158	178	75	11,322	293,312
Everglades	Palm Beach	13	-	310	323	60	6,800	287,019
Pahokee	Palm Beach	30	-	158	188	50	7,500	221,010
Pompano	Broward	-	-	316	316	81	2,400	241,459
State Total		105	-	1,258	1,363	426	43,422	1,399,337
Idaho								
Caldwell	Canyon	47	-	224	271	119	13,000	372,361
Twin Falls	Twin Falls	47	-	224	271	60	9,500	294,947
Mobile No. 1		-	210	-	210	-	-	31,563
Mobile No. 2		-	210	-	210	-	-	23,525
State Total		94	420	448	962	179	22,500	722,396
Missouri								
Delmo		500	-	-	500	1,514	104,405	538,477

Table 12. (Continued)

Camp	County	Number of Family Units: Labor Homes	Tent Platforms	Shelters	Total	Total Land: Acres	Cost	Total Development Cost
Oregon								
Yamhill	Yamhill	49	44	176	269	124	$ 8,088	$ 349,301
Mobile No. 1		-	210	-	210	-	-	37,362
Mobile No. 2		-	210	-	210	-	-	30,623
Mobile No. 3		-	210	-	210	-	-	28,082
State Total		49	674	176	899	124	8,088	445,368
Texas								
Crystal City		41	44	118	203	240	9,500	197,608
Harlingen	Cameron	-	-	224	224	116	10,507	172,629
McAllen	Hidalgo	-	-	-	-	99	13,939	100
Princeton	Collin	-	139	76	215	95	6,000	120,850
Raymondville	Willacy	50	44	249	343	158	10,469	408,073
Robstown	Nueces	25	-	213	238	134	13,265	241,344
Sinton	San Patricio	30	-	213	243	110	5,200	234,905
Weslaco	Hidalgo	42	-	213	255	96	7,000	271,472
State Total		188	227	1,306	1,721	1,048	75,880	1,646,981
Washington								
Granger-Sunnyside	Yakima	33	63	98	194	135	12,928	235,880
Sumner	Pierce	-	-	-	-	97	16,450	-
Yakima	Yakima	48	142	200	390	151	15,040	395,562
Walla Walla	Walla Walla	25	61	86	172	125	12,000	212,069
Mobile No. 1		-	210	-	210	-	-	30,703
Mobile No. 2		-	210	-	210	-	-	28,959
State Total		106	686	384	1,176	508	56,418	903,173

FARM SECURITY ADMINISTRATION

(a) EXPENSES, FARM TENANCY

The Budget schedule accounts for the allotment to the Farm Security Administration from the appropriation for farm ownership loans under Title I of the Bankhead-Jones Farm Tenant Act. A complete statement, covering all funds under this Title, has been included in these notes under the heading "Farm Tenant Act - Farm Tenancy".

(b) LIQUIDATION AND MANAGEMENT OF RESETTLEMENT PROJECTS

The Budget schedule accounts for the allotment to the Farm Security Administration from the appropriation made under Title IV of the Bankhead-Jones Farm Tenant Act. A complete statement, covering all funds under this Title, has been included in these notes under the heading "Farm Tenant Act - Liquidation and Management of Resettlement Projects".

(c) LOANS, GRANTS AND RURAL REHABILITATION

The Budget schedule accounts for the allotment to the Farm Security Administration from the appropriation made under Section 2(a) of the emergency relief appropriation acts, fiscal years 1940 and 1941, and for Rural Rehabilitation and under Loans, Grants and Rural Rehabilitation for the fiscal year 1942. A complete statement covering all funds under this item has been included in these notes under the heading "Loans, Grants and Rural Rehabilitation".

(d) DEVELOPMENT OF WATER FACILITIES, ARID AND SEMI-ARID AREAS

The Budget schedule accounts for the allotment to the Farm Security Administration from the appropriation under this head. A complete statement covering this appropriation has been included in these notes under the heading "Development of Water Facilities, Arid and Semi-Arid Areas, Department of Agriculture".

TRUST ACCOUNT

(e) PAYMENTS IN LIEU OF TAXES AND FOR OPERATION AND MAINTENANCE OF RESETTLEMENT PROJECTS

This Budget schedule covers funds provided for by Section 3 of the Act of Congress approved June 29, 1936 (40 U.S.C. 431-434), under which receipts derived from the operation of any resettlement project or any rural rehabilitation project for resettlement purposes are covered into the United States Treasury and constitute a special fund, which is available to the Farm Security Administration for payments in lieu of taxes to States, political subdivisions, and local taxing units and for any other expenditures for operation and maintenance (including insurance) of such projects. The receipts made available are used, as provided for under the Act, to make payments in lieu of taxes, to defray the costs of insurance, and for operating, maintenance and special miscellaneous expenses on resettlement projects and rural rehabilitation projects for resettlement purposes. The interrelationship of this appropriation with other project items is outlined

in these notes under the heading "Liquidation and Management of Resettlement Projects". Receipts and obligations hereunder for 1939 and 1940, and estimated for 1941 and 1942 are as follows:

	Receipts	Obligations
1939.....	$ 1,497,896	$ 1,478,743
1940.....	2,589,272	1,795,071
1941.....	2,250,000	2,443,348
1942.....	2,000,000	3,249,654

TRUST ACCOUNT

(f) STATE RURAL REHABILITATION CORPORATION FUNDS

The Budget schedule covers funds arising out of agreements with State Rural Rehabilitation Corporations. Under the rural rehabilitation program of the Federal Emergency Relief Administration, providing grants to the states, there was established in a majority of the states (during 1934 and 1935) a State Rural Rehabilitation Corporation to administer the rural rehabilitation program in each state. As of December 15, 1940, all but two of these corporations, acting through their respective directorates, had entered into individual agreements with the United States Government, whereby their assets and liabilities were transferred in trust to the Government to be made available as a revolving fund for rural rehabilitation purposes within the respective states. In addition, the Government as managerial agent, administers the assets of one of the two excepted corporations.

The assets transferred and all assets subsequently collected on behalf of the corporations have been deposited in special trust fund accounts in the Treasury of the United States and have been administered by the Farm Security Administration, on behalf of the Secretary of Agriculture, in accordance with the terms of the transfer agreements. During the fiscal years 1937, 1938, 1939, 1940, and the first part of the fiscal year 1941, the Farm Security Administration has endeavored to convert excess assets of the corporations into cash and to collect as much as reasonably possible on outstanding loans and other accounts receivable. Funds thus made available for rural rehabilitation purposes have been used for the payment of outstanding obligations and new obligations incurred for the construction and development of corporation property and for making loans to corporation clients. The same disposition will be made of funds received during the fiscal year 1942.

During the fiscal years 1937, 1938, 1939, 1940, and the first part of the fiscal year 1941, the asset items more easily liquidated were liquidated and the proceeds therefrom, together with the previously acquired balances, are being used for rural rehabilitation. A large portion of these rural rehabilitation activities require long-term investment of corporation funds. It is estimated that the collections during the fiscal year 1942 will be considerably under those during the fiscal year 1941 and will be principally derived from collections of 3 to 5 year loans maturing in part during the latter part of the fiscal year 1941 and during the fiscal year

1942, collections of rents and other income from corporation property, and collection of the more difficult delinquent accounts not collected during the fiscal years 1937, 1938, 1939, 1940, and 1941. All amounts collected during the fiscal year 1942, plus the unencumbered balances from preceding years, will be available for the servicing of corporation accounts, the making of a minimum of supplemental loans to already existing corporation loan clients, the management and maintenance of corporation property already constructed and developed, and other rehabilitation purposes. Obligations incurred under this fund in 1939 and 1940, and amounts estimated for 1941 and 1942 are:

1939.....	$4,090,092
1940.....	3,584,597
1941.....	3,986,265
1942.....	2,747,175

(g) DRAINAGE DISTRICT ASSESSMENTS ON ACQUIRED LANDS

The Budget schedule accounts for the deposit of funds received from vendors of land acquired by the Farm Security Administration, to be held in trust for the payment of drainage taxes assessed against said land, the remainder, if any, to be refunded to the vendor after the last payment has been made.

Funds included in this trust account were deposited and appropriated during the fiscal year 1940. It is not anticipated that any funds will be deposited during the fiscal years 1941 and 1942.

WATER FACILITIES, ARID AND SEMI-ARID AREAS

Appropriation Act, 1941	$500,000
Budget Estimate, 1942	500,000

PROJECT STATEMENT

Projects	1940	1941 (Estimated)	1942 (Estimated)
Development of water facilities, arid and semi-arid areas	$473,612	$500,000	$500,000
Unobligated balance	26,388	- -	- -
Total	500,000	500,000	500,000

WORK UNDER THIS APPROPRIATION

GENERAL: Under this appropriation farmers are helped to develop and construct small water facilities such as stock ponds, reservoirs, wells, distribution systems, and spreaders. Work is carried on within selected areas where demand and opportunity to help are greatest. As required by the Water Facilities Act, the Secretary utilizes existing facilities of the Department for administration of the program; the Soil Conservation Service provides engineering and other technical services, the Farm Security Administration handles financial aspects, and the Bureau of Agricultural Economics develops the basic information on water supplies and use.

(1) Development of facilities for water storage and utilization in arid and semi-arid areas:

Objective: To promote better utilization of water and land resources in arid and semi-arid areas of the United States and to help enable farmers and ranchers to continue operation of their farms and ranches by assisting them to construct small facilities for water storage and utilization.

The Problem and its Significance: In the arid and semi-arid areas of the United States the quantity, quality and availability of water for irrigation, livestock and domestic use is more frequently the primary limiting factor to agricultural development and stability than is lack of good soil.

In some areas, such as portions of the Great Plains, many farmers and ranchers have been forced to leave their homes because they were unable to develop available water resources so as to use their land properly. Others are today barely subsisting or are on the brink of being forced out for the same reasons. Still others, more favorably situated, lack opportunities to improve their condition. In many of these areas water and soil resources are adequate to support permanently a livestock economy

but are inadequate for a more intensive type of farming. Frequently, operating units are too small for livestock farming. On most farms stock watering places must be developed in properly distributed places over the range to encourage uniform distribution of grazing; potable water for livestock and farmstead use must be made closely available to farm or ranch buildings; and supplemental water is necessary for application to areas devoted to producing the feed crops required for winter and drought period feeding.

In other areas, like parts of the lower slopes of the Rocky Mountains, all or considerable portions of some farms and ranches are devoted chiefly to producing cash and feed crops. On these farms there is particular need for a sure and continuous supply of water for irrigation use during the growing season, and need, too, for advising farmers on practices most effective in applying available irrigation water. Too often an excess is used early in the spring, when the supply is relatively plentiful, causing water logging of poorly drained areas and serious erosion where slopes permit rapid run-off. In the same instances there is frequently a dearth of water later in the growing season because flow dwindles. Providing supplemental storage by impounding flood water and early spring run-off will answer the difficulty.

In the past, many small water developments have been constructed by individuals and small groups of water users without adequate engineering guidance. There is a widespread need for good engineering service and supervision if these people are to rehabilitate many small storage reservoirs, distribution systems and other facilities. Likewise, they need such help with new construction if they are to avoid the mistakes made in the past. Many farmers and ranchers who lack certain needed kinds of water development were never able to construct them or to have them built because they lacked capital, even though the facility may have been entirely practical from a physical and economic standpoint. Also many farmers and ranchers lack the engineering experience to recognize opportunities for water storage or utilization, or to develop in a workable manner, opportunities which they felt held promise. Engineering and farm management assistance, or relatively long-time credit at reasonable rates, or a combination of both, meets the needs of farmers and ranchers in this group.

Plan and Progress of Work: The water facilities program is designed to help farmers and ranchers to overcome these water storage and utilization deficiencies. It is a technical and financial assistance program which makes available engineering and farm management advice to farmers able to provide their own financing, and, in addition, money for loans, for not to exceed 20 years at 3% interest, to those needing credit. Grants may be made for a portion of the cost when the farmer's income, as shown by his farm and home plan, makes it impossible for him to repay in full. Not more than $50,000 of Federal funds may be made available for construction or rehabilitation of any single facility.

Operations are authorized in areas determined in most cases by watershed boundaries, following investigations to indicate the kinds of

facilities needed to make the best use of the land on which developed water supplies may be used, and to determine whether lands proposed for cultivation are suitable for crop farming. The status of water facilities investigation work, by areas, was as follows on June 30, 1940:

Status of area planning	No. areas	Total area in square miles
Area plans completed	38	26,000
Area plans in process	40	57,000
Areas authorized for planning but work not yet under way	49	95,000
Areas where field recommends that, due to simplicity of water problems or for other reasons, no area plan required	20	77,000
Areas where no area-wide plan made, but operations guidance reports have been prepared for certain specific facility installations prior to beginning of construction	11	29,000
Total	158	284,000

During the first two years of the program, while the investigation of areas was going forward prior to authorizing operations, limited numbers of demonstration facilities were installed outside of operations areas. These served to show people in various communities what service the program offered. This plan was discontinued this year because administrative costs for this type of project were relatively high and because requests have been received for more assistance than could be furnished in areas for which studies have been authorized.

In addition to the sum ($500,000) appropriated each year to date under the Water Facilities Act, funds available for rural rehabilitation work have been used to make loans to low-income farmers to construct water facilities, where the installation of such facilities would help reduce relief expenditures. The Department has coordinated these two activities.

For the fiscal year 1941 funds available for water facilities work, from all sources, have been budgeted as follows:

Budgeted Use Fiscal Year 1941	Water Facilities Act direct appropriation	Loans, Grants, and Rural Rehab.			Grand Total (Columns 2 & 5)
		Approp. funds	RFC Funds	Total (Columns 3 & 4)	
(1)	(2)	(3)	(4)	(5)	(6)
1. Loans	$175,000	$ ---	$2,000,000	$2,000,000	$2,175,000
2. Grants	75,000	250,000	---	250,000	325,000
3. Engineering and inspection (design of facilities, supervision of construction, instruction in operation, etc.); technical assistance where no loan involved; making and servicing of loans; administration of program; etc.	225,000	555,000	---	555,000	*780,000
4. Area investigations and planning	25,000	195,000	---	195,000	220,000
Total	500,000	1,000,000	2,000,000	3,000,000	3,500,000

*About 20% of this amount is expected to be used for technical assistance to farmers where no loan is involved.

Through this arrangement it has been possible to furnish some assistance from regular Water Facilities funds to a maximum number of those who have applied for help and at the same time to render better service, from a technical standpoint, to farm families who are eligible for and receive rural rehabilitation assistance. Under this procedure, it was possible to give some attention to many of the 4,000 farmers who requested aid during the fiscal year 1940. It will not be possible for a long time to help considerable numbers who are not eligible for assistance from rural rehabilitation funds. Many of these applicants need only technical guidance, being able to obtain the necessary financing. They need only information on what to do and how to do it. Others need long-term credit at reasonable interest rates to finance justified facilities which cost more than can be financed from credit otherwise available to them.

For the most part families not eligible for rural rehabilitation assistance receive only engineering and other technical assistance. More can be helped this way. 394 farmers or groups of farmers received such assistance during the fiscal year 1940, and $52,477 was made available directly to farmers from the regular Water Facilities funds. For the fiscal year 1941 one-half the regular Water Facilities funds have been allocated for making loans to these farmers. Consequently, a smaller amount will be used for technical assistance to those who furnish their own financing.

The Department hopes eventually to make the services of the water facilities program available to all farmers, on a basis keyed to the land and its water needs, and also to the financial status of those who own and operate the land. It hopes to be able to deal with each case wholly on its merits, from a physical and economic standpoint, without considering (as it must in using relief funds) whether the farmer involved is eligible for assistance from rural rehabilitation funds.

When the Department makes a loan it requires benefiting farmers to make the maximum possible contribution in building the facilities through furnishing labor, equipment and materials. During the first two fiscal years ending June 30, 1940, farmers contributed to the extent of $384,737.00. Of this amount, $227,107.00 was invested by farmers who received only technical assistance from the Department. The remaining $157,630.00 was furnished by farmers who received financial assistance as well as technical help.

A total of 2,418 families had benefited under the Program by June 30, 1940.

The tabulation below shows kinds and numbers of separate water facilities constructed and being constructed under the coordinated program, using the regular Water Facilities and Rural Rehabilitation funds:

Kind of Facility	Number of facilities	Capacity of facilities
Stock Water Facilities		
Ponds (New)	171	
Ponds (Rehab.)	69	
Acre-Feet Storage in Ponds		1,918.0
Wells (New)	400	
Wells (Rehab.)	166	
Pumps (New Power)	95	
Pumps (New Windmill)	430	
Pumps (Power Rehab.)	17	
Pumps (Windmill Rehab.)	154	
Springs	27	
Tanks	982	
Irrigation Facilities		
Dams (New)	133	
Dams (Rehab.)	32	
Acre-Feet Storage Behind Dams		23,193.3
Wells (New)	196	
Wells (Rehab.)	56	
G.P.M. Cap. of Wells		82,452
Pumps (New Power)	243	
Pumps (New Windmill)	34	
Pumps (Power Rehab.)	34	
Pumps (Windmill Rehab.)	3	
Distribution. Systems (New)	469	
Distrib. Systems (Rehab.)	176	
Acres Irrigated		64,545
Other Facilities		
Water Spreading Systems	315	
Underground Reservoir Recharging Systems	13	
Total all kinds of facilities	* 4,215	

*In many cases a cooperator had two or more separate facilities so the total number of facilities is not the same as the total number of families benefiting.

The average total direct cost to farmers, or groups of farmers, and to the Federal Government, for the facilities completed or under construction on June 30, 1940, was $9,274 for each facility for a group of farmers and $718 for each individual farmer's facilities. (Some farmers have two or more). For all combined it was $816.

Benefiting farmers will repay to the United States, over a period of not to exceed 20 years, with interest at 3 percent, as large a portion of the direct Federal cost of the facilities as a careful analysis of their farm income indicates will be possible. The actual amount to be repaid in each case is agreed upon prior to installing the facility and notes are taken to cover it. Farmers have agreed to repay 89.4 percent of the $930,541 of direct Federal cost of facilities installed or under construction as of June 30, 1940, with 3 percent interest. The remaining 10.5 percent was made available as a grant.

Furthermore, cooperators have agreed to follow proper land use practices for the duration of their debt to the Government, and, in all events, for at least five years. The extension of this type of service to farm and livestock operators with whom the Department has dealt improves their operating efficiency and places them in a position to carry out land use and conservation programs.

Financial Requirements: The amount requested ($500,000) represents a minimum amount needed to carry on this program, in view of the need for water storage and utilization, as indicated by nearly 1,000 unserviced applications for assistance on hand July 1, 1940. It is contemplated that rehabilitation loans for water facilities purposes will continue to be made in 1942.

PASSENGER-CARRYING VEHICLES

The estimates for the fiscal year 1942 contemplate the purchase of 12 cars on a replacement basis at an average cost of $601 when the exchange value of the 12 old cars is considered.

These vehicles will be needed by the agencies of the Department administering this program in making area plans for designated areas in which the feasibility of program operations are being studied, in visiting farm operations, making detail surveys and plans, and supervising and inspecting the actual construction operations located in the particular areas.

It is estimated that these vehicles will be driven on an average of 15,000 miles per year and that their life will average between 50,000 and 60,000 miles. This travel will be performed mostly in rural areas not accessible by common carrier. Therefore, the nature of this program makes the use of passenger-carrying vehicles practically indispensable. Departmental experience has proven that the use of personally-owned automobiles on a mileage reimbursable basis, where such continuous and extensive use is involved, is more expensive than the use of Government-owned automobiles.

COOPERATIVE FARM FORESTRY

Appropriation Act, 1941.....	$ 400,000
Budget Estimate, 1942.....	400,000

PROJECT STATEMENT

Projects	1940	1941 (Estimated)	1942 (Estimated)
1. Cooperation with States in the procurement, production and distribution of forest tree and shrub seeds and plants for farmers:			
Clarke-McNary Act, Section 4.....	$98,601	$83,700	$83,700
Norris-Doxey Act.....	44,783	39,300	39,300
2. Cooperation with States for Extension activities in development of farm forestry:			
Clarke-McNary Act, Section 5.....	74,216	65,200	65,200
Norris-Doxey Act.....	15,967	41,800	41,800
3. Cooperation with States in carrying out farm forestry operations, including intensive projects and technical service to legally competent and adequate organizations of farmers, and in farm forestry investigations: Norris-Doxey Act.	116,275	170,000	170,000
Sub-Totals:			
Clarke-McNary Act, Sections 4 and 5.....	172,817	148,900	148,900
Norris-Doxey Act.....	177,025	251,100	251,100
Unobligated Balance.....	128,056	- -	- -
Total.....	477,898	400,000	400,000

WORK UNDER THIS APPROPRIATION

General: Work under this appropriation item is concerned with cooperation in the development of farm forestry in the States and Territories and involves the procurement, production and distribution of forest planting stock to farmers; extension activities in farm forestry; and farm forestry operations and investigations to facilitate the development and economic management of farm land best suited for woodland use.

Objectives: (1) To procure, produce and distribute forest tree planting stock to farmers; (2) to provide supervision and cooperation in extension activities in farm forestry; (3) to facilitate improvement in the development and management of farm woodlands as an integral part of the farming business through trial application of complete management on representative groups of farms in the various farm forestry problem areas, technical service to organizations of farmers or to industries using farm woodland products, committed to sustained yield management in broad scale application, and investigation of technical problems.

The Problem and Its Significance: Idle farm lands, woodlands poorly stocked, or woodlands mismanaged through lack of appreciation of possibilities for continued production and income, and lands unfit for cultivation which will produce income from tree crops should all be managed to increase the total farm income. Farm woodlands comprise about 20 percent of all land in farms. Nearly 70 percent of all farmers, some 4 million in number, have woodlands on their farms. Some 235 million acres of farm land are best fitted for permanent use as farm woodlands. 185 million of these acres are growing trees. Much of this area is sparsely stocked with trees or supports trees of inferior quality. Under present forms of woodland management the stand of trees on these lands is, to a large extent, entirely inadequate to yield the recurrent income which should rightly come from the soil resource.

By and large intelligent management has not extended to farm woodland acres. They receive little or no care and are steadily depreciating because of many forms of abuse. Farming as a business provides intensive management for only four-fifths of the farm area. Returns from four-fifths of the area must meet carrying charges on the total farm acreage. Farm labor and equipment necessary for the efficient operation of four-fifths of the farm area are generally utilized to the maximum only during the crop growing season. After the crop season much of this labor and equipment remains relatively idle and unproductive until the next season. In many cases farmers are purchasing from cash crop income necessities as farm timbers, lumber, posts, poles and fuelwood which could be more economically produced on the farm.

The significance of the problem noted is far reaching in scope. Farm acres now in woods or now unproductive and best suited to production of wood crops can be made to produce their full share of the farm income. They can produce most of the woodland products needed

for farm use and a large surplus for sale. The cash income from farm woodlands can meet all the carrying charges on the farm acres in woodland and in addition contribute materially to cash income of the farm unit. Farm labor and equipment now idle or unprofitably employed between crop seasons can be effectively used in annually harvesting selected trees from farm woodlands and in planting idle acres, thereby adding materially to present and future farm income. Intensive management of farm woods as a part of the farming business and the planting of idle land to tree crops will increase the stability of that business and at the same time provide industry with a permanent source of essential raw materials.

Lands now unproductive and lands best suited to tree crops should be planted. The demand for suitable planting stock for this purpose exceeds the supply. The problem of extension assistance is most significant. To interest and to educate farmers in the proper management of their farmwoods constitutes a need of high priority. Intensive demonstration projects are needed to show farmers how farm woodlands can be made to produce their full share of the fam income. An adequate research program is an integral part of the farm forestry projects.

Plan of Work:

Project 1. Cooperation with States in the procurement, production and distribution of forest-tree and shrub seeds and plants for farmers.

The program is one of Federal-State cooperation. Individual cooperating States operate facilities for the procurement, production, and distribution of trees to farmers. Nurseries are established and maintained by the States and other sources of procurement established. Essential administrative organizations of experienced personnel are operated by the States. Requisite technical personnel is employed to operate the nurseries. The financial assistance provided by the Federal Government is given through reimbursement to the State after performance of the work or procurement of services, and payment therefor by the State. Federal reimbursement can in no case exceed the amount expended by the State for the same purpose during the same fiscal year, assuring productive effort by the State to at least equal the contribution by the Federal Government. In most cases the State contribution is many times the allocation of Federal funds.

No ornamental or shade trees are distributed, and Federal assistance to the States is limited to matching State expenditures made only for procurement, production, and distribution of forest-tree planting stock for field planting. The cooperative program makes facilities available for providing planting stock in connection with CCC work, soil and water conservation, flood control projects, and work-relief activities which come under the purview of the legislative authorization under which the program is conducted.

For the fiscal year 1941 a total of 41 States and 2 Territories participated in the program conducted under Section 4 of the Clarke-

McNary Law. 31 States qualified and participated in the Norris-Doxey program of cooperative tree distribution. It is anticipated that the number of cooperating States will increase through qualification of additional States, expanding the need for assistance by the Federal Government.

Project 2. Cooperation with States for extension activities in developing farm forestry.

The funds spent from this appropriation in cooperation with any State shall not exceed the amount expended by the State for the same purpose; hence the effectiveness of the Federal expenditure is at least doubled. The work is conducted by the Extension Service in cooperation with State extension services, as a means of reaching the maximum number of farmers. There are two extension forestry specialists in Washington who give technical advice and assistance in farm forestry to State extension forces. The work in the field is conducted through State extension foresters who carry the program to the farmers through county agricultural agents. County agents generally are not trained in forest management and need the assistance of farm forestry specialists in strengthening their work in this field. The extension forester arranges demonstrations in woodlot management, in the selection of trees for cutting, the estimating of merchantable timber, etc. Extension assistance is also essential in the initiation, operation, and greatest use of the farm forestry projects being developed under the Norris-Doxey Act.

Project 3. Cooperation with States in carrying out farm forestry operations, including intensive projects and technical service as outlined under "Objectives".

Major variations in the types of farming, the character and condition of farmwoods, the kinds and marketability of woodland products, and other factors, necessitate corresponding adaptations in the management of farmwoods as part of the farm business. In each of the major farm-forestry problem areas created by various combinations of these factors, the adjustment of farmwoods management to fit into the farm business needs to be given a practicable working test on a representative group of farms. Such tests have been initiated on projects representing some of the farm forestry problem areas. Projects are of two types: those where the agricultural products make the major contribution to the farm economy and those where products of the farmwoods make the major contribution to the farm economy. A technically-qualified forester is assigned to each project to aid selected farmers in planning and applying the woodland management operations adapted to their individual farms and recording the physical and economic results of woodland management. This will build up a necessary nucleus of experience in each problem area to implement and guide efforts necessary to reach all farm woodland owners. There are several millions of such farmers.

Later, as the work expands, the emphasis will gradually shift from the operation of sample projects to broad-scale application in cooperation with legally-competent and adequate organizations of farmers. A further possible means of practical help is through cooperation with wood using industries drawing upon farm woodlands for raw materials. Where such industries are willing to buy on the basis of sustained yield management, technical help may be supplied on a 50-50 basis or on terms more favorable to the federal appropriation. The work in the States is undertaken in cooperation with State agencies having statutory responsibility for farm forestry work in the State. These State agencies, local organizations, and individuals supply at least an equivalent amount of expenditures toward the accomplishment of the planned farm forestry work.

Many technical problems requiring solution by investigation or research are encountered in the application of management to farmwoods. Many of these problems constitute serious barriers to accomplishment of sound farmwoods management. Investigation and research of a very direct nature must be promptly undertaken in such cases. This work is done in cooperation with State experiment stations, which supply State funds or their equivalent for use on these investigations and research in amounts at least equal to the Federal funds.

PASSENGER-CARRYING VEHICLES

The estimates for the fiscal year 1942 contemplate the purchase of 12 vehicles at an average cost of $642 each. The 9 cars now in use were procured during the fiscal year 1940. The additional cars for 1942 are necessary for use on farm forestry projects established late in the fiscal year 1940 and during the fiscal year 1941.

The farm-forestry program is operated through projects in areas not easily accessible by common carrier. The use of passenger-carrying vehicles is practically indispensable in the operation of these projects. The vehicles proposed for purchase under this appropriation will be assigned to the use of personnel who must travel considerable distances either to reach the projects under their supervision or to reach the farms of cooperators within project areas. This former type of travel requires more flexible schedules in traveling among the projects than common carriers provide. The latter travel can only be performed by passenger-carrying vehicles, as common carriers are not available.

Departmental experience has proven that the use of personally-owned vehicles by reimbursement on a mileage basis, where extensive travel is involved, is not as economical as the use of publicly-owned vehicles. Project technicians often will utilize passenger-carrying vehicles available under cooperative arrangements with the several States contributing to the farm-forestry program.

RURAL ELECTRIFICATION ADMINISTRATION

Salaries and Expenses:	
Appropriation Act, 1941	$3,675,000
Transferred, pursuant to Reorganization Plan No. IV to Post Office Department	- 1,575
Transferred to "Printing and binding, Department of Agriculture"	- 23,000
Available, 1941	3,650,425
Transferred in 1942 estimates to:	
Public Buildings Administration	- 194,000
Bureau of Agricultural Economics	- 50,000
Net available, 1941	3,406,425
Budget estimate, 1942	3,946,000
Increase, 1942	539,575

* * * * *

Loans:	
Borrowed from RFC, 1941	100,000,000
Estimated to be borrowed from RFC, 1942	40,000,000
Decrease in loan authorization	- 60,000,000

PROJECT STATEMENT

PROJECT	1940	1941 (Estimated)	1942 (Estimated)	Increase or Decrease
1. Lending Activities: aiding farmers to perfect their borrowing organizations; investigating feasibility of and making loans for rural electrification	$381,298 (a)	$530,648 (a)	$ 401,648	- $129,000 (1)
2. Line Building Activities: technical assistance to rural borrowers in designing, arranging for the construction of, and constructing their electric systems	500,264	643,312	521,312	- 122,000 (2)

PROJECT	1940	1941 (Estimated)	1942 (Estimated)	Increase or Decrease
3. Loan Protection: safeguarding Government Loans:				
a. Through Management Assistance: assistance to rural borrowers in sound management and technical operation of their electric systems	474,255	749,898	999,898	+ 250,000 (3a)
b. Through Load Building: helping farm people to secure maximum benefit from electricity on their farms, including safe wiring.....	385,082	539,474	694,474	+ 155,000 (3b)
c. Through Audits, Inspections, Collections: auditing of records, checking of commitments and other contingent liabilities, and collecting interest and amortization	527,949	716,227	1,046,227	+ 330,000 (3c)
4. General Administration.	224,266	225,616	281,191	+ 55,575 (4)
Transfers to Treasury Dept.	- -	1,250	1,250	- -
Total	2,493,114(a)	3,406,425(a)	3,946,000	+ 539,575
Transferred to Printing & Binding, Dept. of Agri.	- -	+ 23,000	- -	
Transfers in 1942 estimates:				
Public Bldgs. Admin.	+131,504	+194,000	- -	
Bureau of Agricultural Economics	- -	+ 50,000	- -	
Unobligated balance	+ 75,382	- -	- -	
Total, appropriation	2,700,000	3,673,425	3,946,000	

(a) $2,568 of 1941 appropriation obligated in fiscal year 1940.

INCREASES AND DECREASES

Salaries and Expenses

General. The total request of Rural Electrification Administration for administrative salaries and expenses (exclusive of rent for headquarters which is included in the 1942 estimates of the Public Buildings Administration) for the fiscal year 1942 represents an increase of $539,575 over the amount available for fiscal 1941. This requested increase -- approximately 16 percent -- is the estimated additional amount that will be needed for fiscal 1942 to discharge effectively the enlarging responsibilities resulting primarily from a 36 percent increase in the cumulative number of borrowers' projects in operation and the accompanying intensification of the work of protecting the Government's investment in these enterprises. The total requested will make possible adequate supervisory assistance to borrowers and thereby will assure maintenance of dependable electric service on an economical basis to the constantly growing number of farm people who are receiving such service for the first time as a result of the facilities which have been made possible by the Federal rural electrification program. In addition, it will enable this Agency to continue to serve the national defense program in a manner similar to that of the present year.

Rural Electrification Administration and its borrowers are making substantial contributions to the national defense program and it is anticipated that these will increase during fiscal 1942. Although the rural electrification program was established in 1935 primarily to make electricity available to farmers, subsequent events are demonstrating that the benefits to the Nation are much broader than anticipated originally, particularly in its contribution to the national defense program and the development of rural, decentralized industries. The potentialities of rural electrification have been amply demonstrated by experience in Germany where it has made possible the manufacture of many airplane parts and other military implements in rural areas. Already rural electric cooperatives in the United States are serving or are preparing to serve Army camps: in Mississippi, the Pearl River Electric Cooperative is constructing power lines to serve Camp Shelby, and in Tennessee the Duck River Electric Membership Corporation is furnishing electric service for building purposes at Camp Peay. In respect of the broader relations of agriculture and other activities of rural areas to the national defense program, rural electrification is playing an increasingly important role. In Arkansas, for example, the Southwestern Arkansas Electric Cooperative is constructing lines to serve some 20 cinnabar mines that produce ore for the production of mercury which is listed as a critically strategic material by the Defense Commission. Rural electrification facilitates the decentralization of industry, offers emergency service through mobile generating plants, and provides the necessary power for many types of defense activities in rural areas. Already there are over 3,500 industrial establishments representing 115 different industries receiving power from REA systems. During fiscal 1942 it is anticipated that the requirements of the defense program will result in an increased amount of work for the REA staff in making the necessary arrangements for adequate power facilities in rural areas.

Perhaps the most important of several factors which will have substantial influence on the growing activities of this Agency in fiscal 1942 is the effect of the enlarged lending program of fiscal 1941. In respect of many essential functions the full impact of the $100,000,000 program will not be felt until fiscal 1942. Particularly is this true in connection with those critically important activities relating to completion of construction, energization, and initial guidance of completed projects toward satisfactory operations. Four charts will be presented to the committee at the time of the hearings. Attention is directed to Charts 1, 2 and 3 because they show graphically the relationships of continuing responsibilities and the influence of the activities of one year on those of the succeeding year. Experience has revealed clearly that these continuing functions must go forward on schedule to assure proper expenditure and protection of Government funds, place systems on an income-producing basis, as soon as practicable, and avoid costly delays.

An excellent illustration of the effect of the $100,000,000 program of 1941 on the work load of fiscal 1942 is contained in the construction and project schedules shown graphically in Charts 2 and 3 respectively. These charts show that in contrast to an estimated 47,000 miles of line to be constructed and 345 projects to be placed in operation in fiscal 1941 there will be 80,000 miles constructed and 633 projects placed in initial operation in fiscal 1942 (assuming a 40 million dollar loan fund in 1942). As the result of an accelerated pace in activities, the current year's program was some six weeks ahead of schedule by the end of November 1940. Protection of the Government loans makes it essential that REA assist and guide new projects in their operating problems as soon as the lines are energized.

As of June 30, 1940, as shown in Chart 1, Rural Electrification Administration had made gross allotments of $269,748,614 to 691 borrowers for the construction of 253,189 miles of line and other facilities to make electric service available to 856,182 rural consumers. The chart presents also the forecasts of the program for the next two years and shows that by the end of the present fiscal year, Government allotments will make electric service available to more than 1,100,000 rural consumers. It is important to note, however, that the substantial increase in number of connected consumers does not take place until fiscal 1942. During that year, according to Chart 3, it is estimated that 633 projects will be placed in operation and a total of 2,413 will be in operation. The growth of the program and the enlarging responsibilities of the Agency are shown by the increasing cumulative number of projects in operation from year to year: in fiscal 1939, 860 projects; fiscal 1940, 1,435 projects; fiscal 1941, 1,780 projects; and fiscal 1942, 2,413 projects. Although each project is not an isolated operating entity, because frequently three or four compose one system, experience demonstrates that each additional project poses new and additional problems and therefore constitutes an excellent measure of work load. Chart 2 shows graphically the construction schedule and indicates that the cumulative number of miles constructed at the end of fiscal 1940 was 243,000; fiscal 1941, will be 290,000 miles; and fiscal 1942, 370,000 miles.

The rapidly growing number of projects in operation -- an increase of 36 percent over fiscal 1941 -- will need technical, managerial, legal, financial, and load-building assistance in fiscal 1942 in order that they may become successful enterprises capable of serving their consumers and earn promptly sufficient revenue to meet their interest and amortization charges on the Government loans. On the basis of the needs of these projects, the enlarging responsibilities of REA as measured by both quantitative and qualitative considerations, and the requirements of the national defense program, it has been estimated that an increase of $539,575 for salaries and expenses will be required to carry on the rural electrification program in fiscal 1942. This increase is described in detail under each of the work projects.

Inasmuch as headquarter's rent for fiscal 1942 will be included in the estimates of the Public Buildings Administration, this item has been excluded from the estimates for each of the following projects.

The increase of $539,575 for 1942 consists of (1) a decrease of $129,000 for "Lending Activities", (2) a decrease of $122,000 for "Line Building Activities", (3a) an increase of $250,000 for "Loan Protection through Management Assistance", (3b) an increase of $155,000 for "Loan Protection through Load Building", (3c) an increase of $330,000 for "Loan Protection through Audits, Inspections, Collections", and (4) an increase of $55,575 for "General Administration" as follows:

(1) A decrease of $129,000 has been calculated in the cost of "Lending Activities" for fiscal 1942, reflecting a reduced work load resulting from a reduction from $100,000,000 for 1941 to a requested $40,000,000 for 1942 in the amount of loan funds.

Objective and Significance: This phase of the work is concerned with all activities that are essential to the making of loans on a self-liquidating basis in accordance with the terms of the Act. It includes: consideration of all applications for loans; evaluation of economic feasibility of proposed systems and probability of loan repayment; determination of validity of applicants' organizations in accordance with applicable laws of the several States, acquisitions; recommendation of allotments, preparation, examination and execution of loan contracts and other necessary legal documents, and all administrative, legal, engineering, financial and information activities related thereto.

The soundness of rural electrification loans depends in the first instance on the thoroughness of the work conducted by this work project. These activities, including field and other examinations, legal, engineering and certain managerial activities, relating to determinations of feasibility and the making of loans to rural borrowers, are of fundamental importance in the establishment of proper arrangements on which to base commitments of the Government and the borrowers in order that the latter can proceed in refinement of the design and in construction of their electric systems.

Plan and Progress of Work: The activities included in this work project are carried on in both Washington and the field. Considerable assistance is rendered farm groups to inform them of the proper steps which they should take to prepare their loan applications, make their consumer surveys, and estimate the probable needs and consumption of electric power by the farmers in their communities. Although applicants are furnished with instruction booklets which specify the information required by REA, experience has demonstrated that field visits by REA representatives not only reduce the administrative cost of loan examination but also facilitate the development of economically sound projects. Further, these field activities enable representatives to obtain vital information at first hand as to the characteristics of the area. Because of wide variations among the laws of the several States under which borrowers are established, much painstaking and detailed work is involved in determining validity of organizations and of the many documents necessary to the lending of funds by the Government. Calculations of feasibility are made on the basis of preliminary budgets showing costs of systems, probable revenues, costs of operation, and the balance available for interest and amortization charges on the Government loan.

Financial Requirements: In fiscal 1942 it is anticipated that the work per unit of accomplishment of lending funds will be intensified because of the increasing number of applications from self-help projects, projects located in less densely-settled sections of the Nation, and projects to serve a relatively small number of farmers. As the REA program expands in this direction, the work of lending funds on a sound basis becomes more detailed and requires more work per feasible project. While there is no diminution in either the number or amount of applications for regular or customary loans -- in fact the demand continues to increase -- the growing interest in self-help projects cannot and should not be neglected. The self-help project is a positive answer to the problem of how to serve thinner and low-income areas and, from both an economic and social viewpoint, should be encouraged. However, experience reveals that a self-help project requires more man-hours per project to attain developmental results and determine feasibility than for a regular project inasmuch as it requires an additional amount of direct assistance. Much of the work, such as assistance in obtaining wiring contracts, orders for appliance, etc., is accomplished prior to allotment, which in the normal project is handled subsequent to approval of the loan. It is anticipated also that during fiscal 1942 a plan will be inaugurated to reach farmers who at present cannot be served by regular projects and cannot obtain service from utility companies. In order to serve these scattered unserved farms on an economical basis, one plan has been suggested that loans be made to central organizations which in turn will build and operate, or have operated under contract, numerous short extensions tapping existing lines of utility companies and other suppliers of power. Such a program is an answer to widespread rural electrification in many sections in which the utility companies cannot or will not serve farmers. This proposal or any alternatives of it will require additional work per project in REA lending activities and the requested amount reflects these new problems and situations.

In fiscal 1942 it is estimated, assuming a regular loan fund of $40,000,000, that 325 new projects will be started. The estimated cost of conducting the lending activities concerned with these projects will be $401,648. As shown by Charts 3 and 4, this compares to an estimated cost of $530,648 for 700 projects in fiscal 1941 and $383,866 for 337 projects in fiscal 1940. It should be noted that the fiscal 1942 estimate is about $17,782 higher than for fiscal 1940. As has already been indicated, the emergence of the self-help projects in thinner and low-income areas, and the resulting intensification in the work of lending funds, will require more man-hours per project. It is on the basis of these conditions that the estimate of $401,648 has been computed for the cost of this phase of the work in 1942. This represents a gross decrease of $129,000 from fiscal 1941 and, when consideration is given to the $2,568 of 1941 funds obligated in 1940, a net decrease of $126,432.

(2) A decrease of $122,000 has been calculated in the cost of "Line building activities" to reflect a probable reduction in the work load from fiscal 1941 to 1942.

Objective and Significance: The purpose of this phase of the work is to assist borrowers in the design and construction of their systems and in the making of all arrangements required in connection therewith in order that they will have the best possible organization and physical facilities with which to supply electric power to farmers at lowest rates and at the same time earn revenues adequate for amortization. Inasmuch as the distribution systems constitute the sole security for the Government loans, it is the responsibility of this phase of activities to see that the lines are designed and constructed in accordance with the most advanced engineering techniques, contracts are properly drawn and executed, easements, rights-of-way, and permits are obtained, and that the lines are constructed expeditiously and in accordance with approved plans and specifications -- all of which are essential to the completion of systems which will provide adequate security for the Government loans and proper facilities to serve the electric power needs of farmers.

Plan and Progress of Work: This work project consists of: aiding and guiding borrowers in the multitude of business, technical, and legal activities which they must perform in building their electric systems, and in giving this aid through field visits, correspondence, bulletins and other releases. It involves aid in procuring and checking right-of-way easements; preparation and approval of contracts between borrowers and others; negotiations for wholesale power at equitable rates and approval of wholesale power contracts; guidance in preparation of retail rate schedules; assistance to borrowers in establishment of managerial procedures and the setting up of offices and purchase of equipment; and examination and approval of borrowers' depositories to safeguard Government funds and of the credit standing of borrowers' officers. Construction plans and specifications are reviewed and approved, including material units and prices, to obtain maximum economy. All specifications of materials and equipment entering into

the construction of borrowers' systems must meet approved standards and are subject to continuous study to improve operating results and reduce costs. Assistance is given borrowers in obtaining new developments of technical equipment that will improve their service and reduce costs of operation. Many REA developments are being adopted generally throughout the country. Field engineers inspect the progress in construction of lines and assist borrowers in determining that the lines are being built in accordance with plans and specifications and that the work is proceeding on schedule.

These activities are controlled through careful scheduling of operations in order to assure that the proper activity will be done at the proper time and in the proper sequence. The scheduling of operations is among the outstanding techniques employed by enterprises to control and coordinate their activities. Introduced into REA early in 1937, the practice of scheduling operations has been refined and perfected continuously through experience.

By the first of November 1940 about 275,000 miles of line (weighted construction) had been constructed and about 269,000 miles energized -- a record never achieved by any other similar undertaking in a like period of time. Of particular importance is the continuous decline achieved in the cost per mile of borrowers' systems throughout this period. The average overall construction cost of REA lines is about $800, or approximately one-half the reported costs of $1,500 to $1,800 a mile which were common before REA was established. Construction contract costs are much lower, in some sections ranging as low as $435 per mile. Reduction in line costs means that the potential area of economical rural electrification is constantly being broadened because lower costs mean lower power bills, and lower power bills mean more farmers can afford electric service.

Financial Requirements: Computations based on construction schedules and the number of projects in process, and the activities required to meet these schedules, indicate that $521,312 will be required to carry on the line building phase of the work during fiscal 1942. This is a decrease of $122,000 from fiscal 1941. Notwithstanding the fact that construction schedules provide for the construction of 79,000 miles of line during fiscal 1942 in comparison with 47,000 miles in fiscal 1941 (See Chart 2), it is believed that it will be possible to conduct the work for the amount requested in fiscal 1942. Most of the documentary and other paper work relating to the construction phases of the enlarged 1941 program will be completed during that year and the construction carry-over into fiscal 1942 will consist more largely of work in process in the field. Records indicate that by November 1940 work on the current program was some six weeks ahead of schedule. In this connection it should be noted that of the 92,000 miles of lines to be financed by the $100 million loan program of fiscal 1941, 39,000 miles will be constructed in fiscal 1941 and 53,000 miles in fiscal 1942. It is anticipated, as shown by Chart 2, that a $40,000,000 loan fund in 1942 will permit an additional 26,000 miles to be constructed during fiscal 1942, making a total of 79,000 miles to be constructed during that year.

On the basis of the average number of projects in process, which is an important measure of the work load of line building activities, Chart 3 indicates that there will be a slight decrease from fiscal 1941 to 1942: 518 in process in fiscal 1941 in contrast to 512 in fiscal 1942. In respect of many line building activities, work load does not vary with the size of projects, a small one requiring the same number of documents and the same degree of care in handling as a much larger project. The decrease of $122,000 -- approximately 19 percent -- for line-building activities in fiscal 1942 is therefore a calculated minimum for this work and reflects the nature of the work involved in a 70 percent increase in the number of miles to be constructed and a decrease of 1 percent in the number of projects in process from fiscal 1941. It is believed that the amount requested will afford reasonable assurance to the farmers and the Government that this work will be done properly.

Loan Protection: Safeguarding Government Loans. The ultimate success of the Federal rural electrification program depends, in a very real sense, on how well the borrowers manage their businesses. From the viewpoint of both the Government and the farmers, ultimate success of the projects means that the farmers will enjoy permanently the benefits of electric power at rates low enough to permit maximum use but yet sufficient to meet all interest and amortization charges on Government loans. Rural electric systems have many unique characteristics -- disclosed largely since the establishment of REA -- which must be recognized and planned for in setting up managerial methods and techniques. To place them on a sound operating basis, adequate provision must be made for handling the wide variety of business and technical problems arising out of these unique characteristics. This is, of course, a job for experts. Inasmuch as over 90 percent of the REA borrowers are newly-organized cooperative or other non-profit associations of farmers with no experience in the technology and operation of an electric utility business, it is apparent that they need for a considerable period after the energizing of their lines, technical assistance and guidance in the management of their electric systems in order to establish themselves as successful operating enterprises. As a consequence of these circumstances, they require assistance and guidance in handling their management problems, controlling expenses of operation, and building revenues. In addition to these aids, the Government investment must be further safeguarded through careful audits of books of account, assistance and counsel in unique and involved legal matters, and maintenance by REA of proper records and procedures leading to the collection of interest and principal due to the Government.

Progress to date, discussed in detail in a following section, in the operation of borrowers' systems is gratifying and indicates, assuming continued REA assistance and guidance commensurate with increasing responsibilities, that these favorable trends will continue.

The rendering of aid and guidance to projects in operation is rapidly becoming the most important phase of REA activities in the

execution of the rural electrification program, and will be increasingly important in fiscal 1942 (following a year of an enlarged lending program of $100,000,000) because of the rapidly increasing number of projects that will come into and be in operation during that year. As a result of the $100,000,000 lending program of fiscal 1941 there will be 633 projects put into operation during fiscal 1942. This is an 84 percent increase over the 345 projects going into operation in fiscal 1941. By the end of fiscal 1942, as shown by Chart 3, there will be a total of 2,431 projects in operation, an increase of 36 percent over the 1,780 projects in operation at the end of fiscal 1941. The guidance and assistance required by these operating projects must necessarily be adequate if proper protection of the Government loans is to be assured and farmers are to obtain dependable electric service at reasonable rates. The increase requested for fiscal 1942 for each of the following phases of the work of protecting these loans reflects directly the needs and requirements of these enlarging activities of the rural electrification program.

(3a) An increase of $250,000 -- approximately 33 percent -- is requested for "Management Assistance" in fiscal 1942 in order to discharge the additional responsibilities resulting primarily from an 84 percent increase over fiscal 1941 in the number of projects put into initial operation, constituting a 36 percent increase in the number of projects in operation.

Objective and Significance: This phase of the work is concerned with assisting borrowers to become successful operating enterprises capable of meeting all of their interest and amortization charges on the Government loans and of rendering efficient, economical service to the farmers. As has already been indicated, because of the peculiar conditions under which they must operate, rural electric systems present many unique technical and managerial problems the solutions of which require expert assistance. In addition, sound management of cooperative enterprises involves the development of democratic controls -- the social importance of which to the national and agricultural economy cannot be overemphasized -- by the members on the basis of cooperative principles. The basic objective of guiding and assisting borrowers in the management and operation of their project systems is to effect all possible economies and achieve the highest possible degree of efficiency. Attainment of this basic objective makes it possible for farmers to receive maximum benefits of electric power at lowest possible rates, and at the same time it strengthens the Government's security by enlarging the margin between revenue and expense from which must come the funds for interest and principal payments on the Government loans. It is essential to the success of the program that this guidance and assistance to projects -- guidance and assistance which they cannot obtain from any other source -- be continued until they have gained sufficient management and technical experience to assure the effective discharge of their responsibilities and obligations to the farmers and the Government. Until they have achieved this goal, REA must, of course, assume continuing responsibilities.

Plan and Progress of Work: Management assistance and guidance to borrowers to enable them to attain efficient operation of their electric systems require the services of many different types of specialists and technicians. The services of these experts are made available to projects through field visits, operating memoranda, bulletins and other printed material, conferences of project superintendents, meetings of project officials and members, and extensive correspondence. Experience reveals that all of these play an important role in helping projects establish themselves as sound business enterprises. Among the more important types of management guidance required by the projects are the following: technical assistance in problems of distribution engineering, line maintenance and operation, and rendering of dependable service to farmers; aid in the development and continuance of cooperative organizations on democratic principles; cooperation with projects in the development of their managerial policies and methods through conferences, correspondence and field visits; assistance to improve efficiency through analyses of monthly operating statements of revenue and expense and through budgetary controls; aid in negotiations and arrangements for adequate insurance coverage at rates commensurate with risks; helping projects in development of safety programs to protect life and property; and legal assistance on matters of public regulation, by-laws and charters, consolidations, and taxes. An increasing amount of attention is being given, and must be enlarged in fiscal 1942, on technical operating problems peculiar to rural systems. Ways and means must be found to apply new technical developments in order that the operating costs may be further reduced. No other agency -- either public or private -- is in a position to carry on this work which already has proved itself to be of immense value to the program.

Financial Requirements: On the basis of the work involved in management assistance to the rapidly enlarging number of projects in operation it is estimated that this function will require an increase of $250,000 -- approximately 33 percent -- in fiscal 1942. Records indicate as shown by Chart 3, that the number of operating projects in fiscal 1942 will be 2,413 or an increase of 36 percent over fiscal 1941, and an increase of 84 percent over fiscal 1941 in the number of projects placed in initial operation -- increases accounted for primarily by the completion of projects started under the $100,000,000 loan program of fiscal 1941. During fiscal 1942 it is important that assistance on technical operating problems be intensified in order to reduce further the operating costs and improve the efficiency of REA systems. Because of the peculiar characteristics of rural systems, developmental work is of utmost importance to serving farmers in thinly-populated sections on an economical basis.

As has already been pointed out, an estimated 700 new projects will be started in fiscal 1941 and 325 in fiscal 1942. Schedules (Chart 2) indicate that line construction of the projects started in fiscal 1941 will not be completed until May 1942, and the preponderant part of this mileage will be energized and placed in operation during fiscal 1942. In comparison to fiscal 1941, when 345 projects will be placed in operation (Chart 3), there will be 633 projects -- an 84 percent increase -- placed in operation in fiscal 1942. Consequently, there will be an exceptionally heavy additional work load -- a work

load which cannot be deferred -- placed on management assistance activities in fiscal 1942.

The estimated increase of $250,000 in the cost of this phase of the work in fiscal 1942 has been calculated to be a minimum on the basis of the known responsibilities which must be met during that year. Experience during fiscal 1940 (when 575 projects were placed in operation as a result of the enlarged 1939 loan program) revealed that the increase in the work of assisting projects in management and technical problems was somewhat greater than the increase in the number of projects going into operation. This was primarily the result of new and varied problems of operation resulting from increased demands for service from large power users, changed load characteristics, performance of technical devices, and need for revised operating techniques -- all of which reflect the peculiarities of rural systems. These critical problems must be handled promptly as they arise, and, with the development and enlargement of the systems, they will be intensified. The establishment of State Representatives in certain States should have a positive influence on certain of these problems. Although substantial progress has been made, and management devices such as operating budgets and revised operating reports for borrowers have been instituted, the increase of $250,000 requested for this phase of the work in 1942 should be considered to be a minimum estimate of the amount essential for the effective discharge of the enlarged responsibilities.

(3b) An increase of $155,000 -- approximately 28 percent -- for "Load-building assistance" in fiscal 1942 has been computed on the basis of a 36 percent increase in the cumulative number of projects in operation, an 84 percent increase in the number of projects placed in initial operation and a 38-percent increase in the estimated number of rural consumers receiving service from REA-financed systems.

Objective and Significance: The objective of the load-building phase of the work is primarily to encourage the greater, more varied, and more effective use of electric power on farms in order to assist projects through increased revenues to become self-liquidating enterprises and capable of meeting their financial obligations to the Government. In the accomplishment of this purpose, the farmer and his family must be carefully and adequately informed of the hundreds of ways in which electricity can serve them in their home and on their farm, not only from the viewpoint of adding to their social life, but also to improve their economic status through the use of electricity in agricultural pursuits. Of the more than 200 different types of farm equipment, not more than a half dozen are used by as many as 10 percent of the farmers who could profitably use them. If informed concerning the many uses of electricity in farm and community activities other than for lighting only, farm people may release time for additional productive work, eliminate the drudgery involved in many farm chores, and increase their income. As farm families are made aware of the increasing benefits which electricity offers them, both their consumption of power and revenues of projects are increased, and a long step forward has been taken towards protecting the Government's investment in the electric system.

The distribution of electricity and the accompanying load-building activities as exemplified by the Government sponsorship of cooperative systems is a vastly different undertaking from the distribution of electricity by private power companies. The usual practice of private companies has been to serve only those prospective farm consumers who could be added to rural lines at a minimum of expense to the company. High monthly guarantees were asked in most cases. The success of the line was measured in terms of financial return rather than in economic use. The cooperative systems, however, must place themselves on a self-sustaining basis at a fair cost to the member. High guarantees would defeat the purpose of the program and would deny service to many farmers. Widespread use of electricity in an economical manner is therefore the primary factor necessary to place and maintain a project on a self-liquidating basis. That is the goal for which the load-building phase of REA activities is striving.

Plan and Progress of Work: Many types of activity are required in assisting projects to increase the consumption of electric power on their lines. These activities, conducted on a coordinated step-by-step program basis, are directed toward consumers, project officials, and dealers and manufacturers of electrical appliances and equipment. Assistance is carried on through a Washington and a field staff, implemented by educational literature, correspondence, and a variety of program releases and other printed material. Attractively designed literature about the uses of electricity on the farm constitutes an important part of the load-building activities because it supplements and reenforces field visits and goes to many farmers impossible to reach by any other method.

Guidance is given farmers in securing safe and adequate wiring at reasonable costs, conferences are held with wiring contractors and dealers to explain wiring standards and work out wiring programs, and arrangements are made for inspection of all wiring to avert fire hazards. Farm families are informed of the uses of electricity through meetings, the Farm Equipment Tour, annual meetings, and field demonstrations. All of these activities are conducted with the cooperation of the State Extension Service, county agents and home demonstration agents. Suggestions and aids are given project officials for local programs to build revenue and secure additional farmers on the lines. Such programs include: Programs to acquaint farmers with proper lighting, group purchase of fixtures to obtain adequate light at low cost; campaigns for farm electrical equipment including brooders, feed grinders, milk coolers, and stock tank heaters, to acquaint farmers with productive uses of electricity; and a health and sanitation program to inform farmers about benefits of running water and plumbing.

The work with appliance dealers and manufacturers is an essential part of the load-building program because the creation of a huge market for electrical appliances in a short time requires coordinated plans to serve the demands. Local dealers are encouraged not only to sell but also stock and service farm electric equipment. Manufacturers are encouraged to develop equipment especially suitable for farm use at reasonable prices and obtain branch and retail outlets for its dis-

tribution. For some types of farm electrical equipment, farmers have entered into group purchasing arrangements in order to secure lower prices through quantity discounts.

Large power users present many new and unusual problems to borrowers. An increasing amount of attention is being given by REA specialists to these problems in an effort to assist borrowers in serving such consumers and thereby increase project revenues.

The progress achieved -- as shown by trends in certain significant operating data series -- by load-building activities in conjunction with management and other assistance is very encouraging because it indicates the contribution of such efforts to the successful execution of the rural electrification program. An analysis of the operating reports for the month of July 1940 of 568 systems showed the following trend in consumption of power:

Age Groups of Borrowers' Systems in Operation	Average Consumption by Consumer (kwh per month)
1 - 6 months	41.5
7 - 12 months	48.1
13 - 18 months	47.7
19 - 24 months	54.3
25 - 30 months	60.0
31 - 36 months	57.9
37 - 57 months	61.7

Financial Requirements: An increase of $155,000 -- approximately 28 percent -- in the cost of load-building activities in fiscal 1942 has been computed on the basis of the increased work load of that year resulting primarily from a 36 percent increase in the cumulative number of projects in operation. In respect of many of these activities, the number of farmers served, or with service available, has a direct bearing on load-building work to be done. Chart 1 shows that allotments by the end of fiscal 1940 provided for the construction of 253,000 miles of line to serve 856,000 rural consumers; by the end of fiscal 1941 these figures increase to 345,000 miles to serve about 1,150,000 consumers and by the end of fiscal 1942 to 382,000 miles to serve approximately 1,250,000 consumers. However, because of circumstances already described, the full impact of the $100,000,000 program of fiscal 1941 will not be felt by the load-building staff until fiscal 1942. This is clearly revealed by the estimate shown in Chart 1 of the number of energized miles and number of connected consumers: fiscal 1940, 229,000 miles serving 560,000 consumers; fiscal 1941, 285,000 miles serving 650,000 consumers; and fiscal 1942, 345,000 miles serving 900,000 consumers. These estimates show an increase of about 38 percent in fiscal 1942 over fiscal 1941 in the number of connected consumers.

As a result of nearly three years experience with field work, it has been found that at least two weeks per year is a minimum time which a field team should spend with each borrower. This average

takes into account wiring installation activities and the growth of farm and domestic appliance educational requirements. An analysis of recent appliance saturation surveys indicates that nearly every borrower is in need of load-building assistance. This is apparent from the fact that these surveys show that not more than 6 of more than 200 types of appliances are used by as many as 10 percent of the farmers who could profitably use them. The stimulus provided by the Farm Tour makes more vital than ever the necessity of holding farm interest in electrical equipment. The necessity of attending annual meetings, conferences, and other farm gatherings as well as devoting time to special activities similar to the membership campaign, must also be taken into account as an essential part of the requirements in fiscal 1942. In addition, several specialized fields of load-building work must receive more attention if the program is to move forward and the desired results achieved. These include: plumbing installations, small commercial power problems, equipment installations for poultry husbandry and tobacco. The increasing volume of correspondence required in directing the activities of the field staff and in disseminating highly-specialized knowledge necessary to the conduct of successful load-building work is presenting acute problems. During the last 6 months of fiscal 1940, for example, correspondence in respect of load-building activities increased about 90 percent.

In view of these circumstances, and on the basis of the 36 percent increase in work load, an increase of $155,000 is requested in order to carry on effectively the load-building activities during fiscal 1942.

(3c) An increase of $330,000 -- approximately 46 percent -- is requested for "Audits, inspections, collections" in fiscal 1942 in order to discharge effectively the enlarged responsibilities of safe-guarding the investment of Government funds resulting primarily from a 36 percent increase in the number of projects in operation and to perform essential audits and other services which should no longer be deferred or neglected.

Objective and Significance: The primary objective of this phase of REA activities is to assure that all Government funds are properly safeguarded and to collect and account for all payments of interest and principal. It is therefore concerned with keeping accurate records of all financial relations with borrowers, auditing and verifying the accuracy and completeness of borrowers' records, checking of the credit standing of officials of borrowing organizations, approving bank depositories selected by borrowers, assisting borrowers in major litigation cases and in appearances before regulatory commissions and other public hearings, reviewing of borrowers' commitments where required, and making of special inspections and investigations -- all of which are essential to avoid impairment of the Government's investment through mishandling, negligence, improper accounting methods, unwise commitments, or litigation. The critical importance of this phase of the work is apparent when it is considered that the sole security for a Government loan consists generally of physical property represented by an electric distribution system, and the revenues from a system are the only source of funds for the payments of interest and principal

to the Government. Consequently, any dissipation of Government funds or revenues through unwise commitments, improper expenditures, incomplete accounts, or other causes, may lead to serious financial difficulties. It is the responsibility of this phase of activities to prevent such situations from arising. The work of this phase of the program is more than verification of records; it discloses situations which guide the management, load building, and other specialists in direction of their efforts to assist the systems in becoming successful operating enterprises.

Plan and Progress of Work: This phase of the work consists of keeping accurate records of all financial relations with borrowers, particularly in respect of the amounts lent, amounts advanced, and amounts due and collected; auditing of borrowers' requisition and expenditure reports for construction to assure that Government funds are expended properly and in accordance with all terms of approved contracts and construction budgets; auditing of borrowers' records to verify and determine the financial status of their enterprises and the disposition of all funds lent by the Government and received from the sale of power; making periodic examinations of all approved depositories; examining credit standing of borrowers' officials, checking of borrowers' assets to verify accuracy of reported expenditures for property; conducting of special inspections of the condition of property of borrowers when required; reviewing of all contracts and other commitments which may influence the financial operating condition of borrowers and the security of the Government loan; assisting and advising borrowers in major litigation cases and at hearings before public regulatory bodies and other public bodies; and rendering bills for and collecting interest and amortization due on the Government loans.

The work of auditing and checking the financial transactions involved in a program with allotments totaling $369,000,000 by the end of fiscal 1941 and an estimated $409,000,000 by the end of fiscal 1942 is a major undertaking, but it is essential to the protection of Government funds. Auditing of requisition and expenditure reports is essential to a determination that Government funds have been expended for construction purposes in accordance with all contracts. Funds are advanced to projects on the basis of a drawing account method under which funds estimated by the project to be necessary for the next month's construction are advanced if proper expenditure of funds previously advanced is shown by receipted invoices for such expenditures. This method means that all requisitions and expenditures must be checked to determine that they have been made for proper purposes. Through increased efficiency the time between requisition and advance of funds has been reduced from about 5 weeks to 1 week.

Field auditing of borrowers' accounts consists of the following types of audits:

(1) Installation Audits -- These include the installation of the uniform system of accounts and instruction of the borrowers' bookkeeper in the maintenance of the system. Time required -- 4 days.

(2) Intermediate Audits -- After one or two advances have been made, an auditor visits the project for the purpose of determining whether the accounting for Government funds is being carried out in accordance with regulations and of giving further instruction to the bookkeeper. Time required -- 10 days.

(3) Contractors Final Audit -- When the construction work has been completed on a section of line, auditors make a complete construction audit to determine the cost of the line and the amount due the contractor and engineer. Time required -- 10 days.

(4) Operations Audit -- After a project has been in operation for about 6 months, and each 6 months thereafter, it is intended that a periodic audit should be made of each borrowers' records to determine and verify its financial condition and disposition of its operating revenues. Experience of industry and banking generally indicates the desirability of such periodic audits, especially where long-term loan obligations or other outside interests must be safeguarded. Time required -- 6 days.

(5) Special Investigations. Auditors are required to make special audits when irregularities are reported. Occasionally these require a complete financial review of a borrowers' operations. Time required -- average 10 days.

In important litigation cases and hearings before regulatory bodies and other public bodies, legal and other expert assistance is occasionally furnished local project counsel because many proceedings have importance running far beyond the project immediately concerned and adverse decisions may impair the Government's investment. Occasionally engineering and other technical experts make special investigations of the condition and operating practices of borrowers in order to verify and correct difficulties or irregularities. Fortunately, few such investigations have had to be made to date.

The collection of interest and amortization payments on the Government loans involves the maintenance of accurate accounting records for each borrower, the preparation and billing of interest and principal due each month, maintenance of accurate records of the financial relations with the RFC, and the making of financial arrangements for the collection of interest and principal payments.

Financial Requirements: On the basis of the enlarged responsibilities reflected in a 36 percent increase in the number of projects in operation, resulting primarily from the $100,000,000 loan program of fiscal 1941, and the apparent need for a more intensified approach to the discharge of these duties than has been possible in previous years, an increase of $330,000 -- approximately 46 percent -- has been calculated for this phase of the work in fiscal 1942. Attention should also be called to the fact that REA was in arrears in its auditing work by almost 900 audits by the end of September 1940 -- a condition that should be corrected as promptly as possible. Notwithstanding the fact that this request appears to be a substantial increase, it should be noted

that the total amount requested for fiscal 1942 involves the low average expenditure of about $433 per project in the execution of this important work in comparison to about $402 during fiscal 1941. These unit costs should of course be considered in relation to an estimated average investment of about $170,000 in each operating project. In fiscal 1941 the estimated cost of this phase of the work will be $716,227 (518 projects in process, 345 placed in operation, and a total of 1,780 in operation) in comparison to an estimated cost for fiscal 1942 of $1,046,227 (512 projects in process, 633 placed in operation, and a total of 2,413 in operation). The major part of the increase requested for fiscal 1942 has been calculated on the basis of construction schedules and other operating reports; the balance, relating primarily to needed legal and other technical services for special inspections and assignments, reflects the best judgment of the minimum requirements that could be made in the light of the enlarged number of projects that will be in operation in fiscal 1942. Admittedly, it is difficult to estimate accurately the need for the latter type of service, but experience indicates that these additional services are badly needed, and with the increased number of operating projects in fiscal 1942, it is reasonable to expect that the need will increase. It is anticipated that additional State representatives and other specialists attached to the Administrator's staff will perform an important role in carrying out part of this phase of the work.

The increase requested will provide a larger staff of auditors, accountants, financial analysts, and field personnel to carry on the additional auditing and accounting work, make the enlarged number of examinations of bank depositories and credit standing of project officials, check requisition and expenditure statements, and conduct necessary audits and other financial reviews of borrowers' records of account. Of particular importance, the increase requested will make possible the auditing of borrowers' operating conditions and the disposition of projects' revenues from which the interest and principal payments on Government loans must come. To date, a negligible amount of these audits has been made. With the inauguration of such audits it is anticipated that the number of special audits and investigations will be reduced materially and the security of the Government loans correspondingly increased.

In fiscal 1942 it is estimated that the activities concerned with accounting, preparing and rendering monthly interest and principal statements, and collecting interest and principal payments, will experience an increased work load over fiscal 1941 of approximately 36 percent. A careful study of the collection activities alone discloses that an average of 2,000 work units per month (number of operations performed) is the normal output of each individual. In contrast to an estimated work load of 28,000 work units per month in fiscal 1941, it is estimated that there will be over 38,000 per month in fiscal 1942. A similar increase applies to bookkeeping activities for fiscal 1942 and a somewhat greater increase to the accounting work for installation loans because of the proportionally larger number of notes per loan.

The requirements for field auditing activities during fiscal 1942 have been carefully calculated on the basis of the known work load (see Charts 1 and 3) for that year and the number of man days needed to perform each aspect of this work load. Statistics on the man-days required for each type of audit, already referred to in the previous section, have been determined by careful study of the accumulated experience of the past three years. The calculations for each type of audit required during fiscal 1942 are as follows:

1. Installation Audits. During fiscal 1942 it is anticipated that 80 new borrowers will be organized and required to install the uniform system of accounts. Auditors must visit each of these to assist in the installation of the accounting system and instruct the bookkeeper in its use. These visits will require approximately 4 days each, making a total of 320 man-days for the year.

2. Intermediate Audits. Primarily as a result of the $100,000,000 program of fiscal 1941, it is estimated that approximately 200 intermediate audits will be made during fiscal 1942. Inasmuch as each of these will require 10 man-days to perform, the total requirements for these audits will amount to 2,000 man-days.

3. Contractors' Final Audits. On the basis of construction schedules, it has been estimated that 633 projects will be placed in operation during fiscal 1942 in comparison to 345 during fiscal 1941. Each of the 633 projects will require a final audit in order to determine the cost of the lines and the amounts due the contractor and project engineer. Since experience indicates that a final audit requires about 10 man-days to perform, the 633 audits will require approximately 6,330 man-days during fiscal 1942.

4. Operations Audits. As has already been pointed out, periodic audits of borrowers' operating accounts constitute one of the best methods of protecting the Government's investment in borrowers' systems because they not only provide full information concerning the disposition of operating revenues but also disclose situations which guide management and other experts in their efforts to assist the projects in becoming successful operating enterprises. To date it has not been possible to arrange for periodic audits on a planned basis because of the inadequacy of the auditing staff and pressure of immediate problems requiring special audits. Because of the pressing need for these audits, it is sincerely hoped that it will be possible to perform a semi-annual periodic audit of each operating borrower during fiscal 1942. On the basis of 850 operating systems in fiscal 1942, semi-annual audits of 6 days each would require 10,200 man-days.

5. Special Investigations. Special audits are an absolute necessity when irregularities or other unusual circumstances are reported. While it is very difficult to estimate the number of such audits that will be performed during fiscal 1942 and the length of time they will require, it has been estimated conservatively that provision should be made for 50 such audits at an average of 10 days each. This totals 500 man-days.

A summary of the field auditing requirements as presented above follows:

	Number	Days Required	Total Man-days
Installation audits.....	80	4	320
Intermediate audits.....	200	10	2,000
Contractors' final audits.....	633	10	6,330
Operations audits.....	1,700	6	10,200
Special investigations.....	50	10	500
	2,663	-	19,350

Taking into consideration annual leave, holidays, and a reasonable amount of sick leave and travel time, a field auditor works approximately 250 days a year. On this basis, the estimated 19,350 man-days indicate a total of 77 auditors for fiscal 1942. In order that a field staff may function effectively, and proper use can be made of its work, it is essential that provision be made for an adequate home office staff. Experience with the auditing function reveals that the home staff consisting of supervisors, reviewers, analysts, clerks, and typists, should not be less than 50 percent of the field staff.

The requested increase of $330,000 for fiscal 1942 over the estimated cost of fiscal 1941 will make it possible for the first time to place this important phase of the work in step with the requirements of the program, will afford reasonable assurance to the Government and the farmers alike that the funds and financial transactions of the borrowers are being handled in a proper manner, and will provide an adequate staff both in Washington and the field to discharge the responsibilities involved in a lending program amounting to almost $370,000,000 by the beginning of fiscal 1942.

(4) An increase of $55,575 -- approximately 25 percent -- is recommended for "general administration" in fiscal 1942 in order to cope with the additional responsibilities and major problems arising from the rapidly growing rural electrification program.

(2) Objective and Significance: This phase of the work is concerned with: determination of policies, and problems arising out of their execution; coordination of the several activities required in execution of the program and development of the efficiency of each; control of internal operating procedures and standards and the scheduling of the various activities; relations with other interests, both public and private; relations with project members, directors and officers; and policy-making investigations pertaining to the development and improvement of extension of electrification into rural areas. These activities are the concern of the Administrator, his staff of assistants, and responsible divisional representatives.

One of the most important managerial techniques involved in the execution of the rural electrification program has been the establishment by an experienced management engineer of schedules of performance for each type of construction activity. Through close adherence to these schedules, the work involved in each operation is coordinated with the previous and succeeding operations so that the program moves forward in an orderly manner, each operation being performed at the right time and in relation to all other operations. As a result of these schedules and the necessary controls to make them effective, many operating economies and increased efficiency have been obtained without impairment of either quality or thoroughness of work. For example, the scheduled period of time elapsing between an allotment of funds and the execution of the construction contract has been reduced from 36 weeks in fiscal 1936 to 22 weeks in fiscal 1937, to 16 weeks in fiscal 1939, and to 11 weeks in fiscal 1940.

Financial Requirements: The increase requested for fiscal 1942 will provide additional staff to assist the Administrator in formulating policies, coordinating the work of the organization, affecting operating economies, making studies of major problems and generally executing the program of the Congress. The most important part of the additional work involved in general administration in fiscal 1942 will be concerned with the formulation of general policies in connection with the growing responsibilities resulting from a 36 percent increase in the number of projects in operation. It is anticipated that the additional State Representatives will play an important part in the discharge of these enlarging responsibilities. The requested increase will enable the Administrator to meet and handle the broader problems that inevitably arise in the course of carrying out an enlarging program of the magnitude and character as that of rural electrification involving assistance and guidance in fiscal 1942, as shown by Charts 1 and 3, to an estimated 3,250 projects started, in process and in operation, representing a total investment of approximately $409,000,000.

A fair quantitative measure of the growing magnitude of administrative responsibilities is contained in a comparison of the number of projects in each stage of development during fiscal 1941 and fiscal 1942, as is shown in Chart 3: in fiscal 1941, there will be 700 projects started, 518 in process, 345 placed in operation, and by the end of the year a total of 1,780 in operation; in fiscal 1942, there will be an estimated 325 started, 512 in process, 633 placed in operation, and by the end of the year a total of 2,413 in operation. From a qualitative viewpoint, it is apparent that administrative problems become more varied and complex as the program expands and undoubtedly this trend will continue into fiscal 1942. Unfortunately, there is no method of measuring the work load in terms of these qualitative considerations which may be of more importance than any quantitative aspects. As a consequence the increase of $55,575 requested for general administration in fiscal 1942 represents an estimate determined partly on the basis of quantitative measurements tempered by an administrative appraisal of the nature of the problems and policies which may have to be decided during fiscal 1942.

In this connection it should be noted that, although additional administrative funds are not being requested for the purpose, an increasing burden is being placed on the Administrative staff by the development of the national defense preparedness program. Because of its services to the Government in arranging for power facilities both for national Army encampments and defense industries, REA has been designated officially as a "defense Agency". This involves cooperation with other defense agencies arising out of the fact that adequate electric energy is a critical factor in preparedness. The staff is already engaged in consideration of such coordinate problems as: the use of REA borrowers' lines for industrial transmission in emergencies; establishment of mobile generating plants for emergency or immediate use where power is needed; the availability of REA systems for servicing decentralized munitions and similar plants; and designing lines to serve certain strategic industries, such as mercury mines in Arkansas. These problems may have increased considerably in magnitude by fiscal 1942, according to the development of international relations, but in any case cooperative activities now being developed will remain an additional burden in fiscal 1942.

FUNDS FOR RURAL ELECTRIFICATION LOANS

The Budget estimate provides for the authorized annual $40,000,000 for rural electrification loans in fiscal 1942 to be obtained from the Reconstruction Finance Corporation through a provision similar to the one in effect for the 1941 loan funds.

Notwithstanding the accelerated pace of the Federal rural electrification program, with a $140,000,000 loan fund in fiscal 1939 and a $100,000,000 loan fund in fiscal 1941, there is no diminution in the demands of farm people for electric service and for Federal loans to make such service possible. The widespread demand for rural electric service is reflected by both the increased applications for regular projects and the increase in the number of requests from self-help projects and small groups of unserved farmers who cannot obtain power from surrounding private lines and find themselves blocked from forming individually feasible systems. Although the latter type of requests intensify greatly the administrative work involved in lending funds, particularly when partial allotments have to be made because of the demand for funds, there is no evidence that the quality of the applications from unserved areas is diminishing so as to present any question as to the feasibility of future loans.

The following table shows the amount and source of funds for previous fiscal years:

Fiscal Year	Appropriation	Source
1935-36	$ 14,165,128	Emergency Relief Appropriation Act of 1935
1937	$ 50,000,000	Borrowed from RFC (Rural Electrification Act of 1936)
1938	$ 30,000,000	Appropriated by Independent Offices Appropriation Act, 1938
1939	$ 40,000,000	Appropriated by Independent Offices Appropriation Act, 1939
1939	$100,000,000	Borrowed from RFC (Public Resolution No. 122 -- 75th Congress -- 52 Stat. 818)
1940	$ 40,000,000	Appropriated by Independent Offices Appropriation Act, 1940
1941	$100,000,000	Borrowed from RFC (Department of Agriculture Appropriation Act, 1941)

Of the $100,000,000 loan fund available for fiscal 1941, a total of $70,048,500 had been allotted by November 23, 1940. This leaves $29,951,500 to be allotted during the present year. For this balance, applications in Washington or known to be in preparation in the field at that time totaled $86,137,700, or $56,186,200 in excess of the amount available. Of the total of $86,137,700 in applications, $43,420,000 are under consideration of the examiners in Washington, the balance being in process of preparation by farm groups in their communities. In connection with the increased demand for rural electrification loans, it is of interest to note that during the months of July and August, 1940, REA was receiving applications at the rate of almost $3,000,000 per week.

Financial statistics indicate that REA borrowers as a group are making their interest and principal payments to the Government ahead of loan contract schedule. The following Table I (revised as of December 1, 1940) shows as of June 30, 1940 the amount of interest and principal due and the amounts paid on these obligations by borrowers from their operating revenues:

TABLE I

INTEREST AND PRINCIPAL PAYMENTS OF REA BORROWERS
AS OF JUNE 30, 1940

Data Reflect Current Contractural Obligations of All Borrowers' Payments Made From Revenues

ACCOUNTS	LOANS FOR LINES AND GENERATING PLANTS		LOANS FOR WIRING AND PLUMBING		TOTAL AMOUNT
	Number of Borrowers	Amount	Number of Borrowers	Amount	
INTEREST					
Due	353	$2,284,258.39	310	$ 62,134.94	$2,346,393.33
Paid	351	2,460,801.93	310	59,541.19	2,520,343.12
PRINCIPAL					
Due	267	1,652,093.36	310	491,261.99	2,143,355.35
Paid	263	1,851,805.76	310	507,115.90	2,358,921.66
OVERDUE AMOUNTS(1)					
Interest	18	26,472.64	7	1,709.60	28,182.24
Principal	17	38,327.65	7	13,327.12	51,654.77
Total	19	64,800.29	7	15,036.72	79,837.01
ADVANCE PAYMENTS(2)	62	417,324.67	26	15,079.36	432,404.03

(1) Do not include $10,850.07 interest and $15,822.16 principal due from 29 borrowers on June 30 but paid within 30 days.
(2) Do not include $63,621.31 paid on obligations due July 1, 1940.

This table reveals that while the great majority of REA borrowers are making their interest and principal payments on time and in accordance with contractual provisions, some are making payments in advance, and a few are overdue. Every lending agency experiences similar situations at one time or another. In many instances the overdue payments reflect an adverse crop situation such as drought or other adverse conditions which have prevented borrowers from completing or bringing into full operation their lines in accord with predetermined schedules; in some cases, they reflect delayed construction resulting from spite-line activities of private companies and injunctions; and in others consumption of power or density has increased at a slower rate than anticipated.

At the present stage of development of the distribution systems of REA borrowers, operation trends are one of the best indicators of progress toward financial stability. If gross revenues continue to increase more rapidly than operating expenses, if consumers continue to be added to the lines, thereby improving density, and if consumption of power continues to increase, then there is no question concerning the successful operation of these systems.

The figures in table II based on the operating reports of 567 borrowers for the month of July 1940, show some of the more significant trends. These were obtained by arranging the reported figures in age groups in accordance with the number of months that each borrower's system -- or a substantial part of it -- had been in operation from date of initial energization. There are seven such groups, beginning with borrowers having between 1 and 6 months of operating experience and continuing by 6-month intervals until the oldest group is reached, which includes all borrowers that have been in operation between 37 and 57 months.

TABLE II

Age Groups of Borrowers' Systems in Operation	Revenue Per Mile		Consumption (kwh per mo.)		No. of Consumers Per Mile	
	No. of borrowers reporting	Amount	No. of borrowers reporting	Amount	No. of borrowers reporting	Density
1 - 6 months	54	$6.26	62	41.5	62	1.79
7 - 12 months	114	7.25	120	48.1	120	1.89
13 - 18 months	66	7.86	68	47.7	68	2.29
19 - 24 months	86	8.12	91	54.3	91	2.08
25 - 30 months	122	9.04	122	60.0	122	2.31
31 - 36 months	67	9.31	69	57.9	69	2.42
37 - 57 months	30	11.25	36	61.7	35	3.02

The averages of revenue per mile show a strong upward trend from $6.26 for the youngest systems (1-6 months) to $11.25 for the oldest group (37-57 months). Two principal factors account for this upward trend: the number of consumers per mile and the average revenue per consumer. Of the two, the former is the more important.

The figures showing consumption of power by consumers reveal that, as farmers become better acquainted with the uses of electricity, the average kilowatt-hour consumption of power increases. The average kwh. per residential consumer increases from 41.5 for the youngest systems (1-6 months) to 54.3 for systems between 19 and 24 months of age, and to 61.7 for the oldest systems (37-57 months).

The improvement in consumer density, as systems obtain more operating experience, is apparent. The number of consumers per mile increases from 1.79 for the youngest systems (1-6 months) to 2.08 for systems between 19 and 24 months and to 3.02 for the oldest systems (37-57 months).

These trends are gratifying because they indicate that progress is being made toward successful operation. They indicate that borrowers' systems are building up more rapidly than had previously been thought probable. Judged by criteria such as these, REA borrowers show a promising future. It is recognized, of course, that these results have not come automatically but have been achieved by the collective efforts of all divisions of REA cooperating with the managements of borrowers' systems.

WORK UNDER THIS APPROPRIATION

General. Work under this appropriation involves the execution of the rural electrification program established by the Congress as set forth in the Rural Electrification Act of 1936. The program began with the establishment of Rural Electrification Administration by Executive Order No. 7037, May 11, 1935, under the Emergency Relief Appropriation Act of that year. By the Rural Electrification Act approved May 20, 1936, the Congress reestablished Rural Electrification Administration as a more permanent agency to carry out a definite 10-year loan program. The Act provides that the powers of the agency "shall be exercised by an Administrator who shall be appointed by the President, by and with the advice and consent of the Senate, for a term of ten years ...." Reorganization Plan II, effective July 1, 1939, transferred Rural Electrification Administration to the Department of Agriculture and provided that it "shall be administered in that Department by the Administrator of Rural Electrification Administration under the general direction and supervision of the Secretary of Agriculture."

The Act specifies that "The Administrator is authorized and empowered to make loans in the several States and Territories of the United States for rural electrification and the furnishing of electric energy to persons in rural areas who are not receiving central station service, as hereinafter provided: to make, or cause to be made, studies, investigations, and reports concerning the condition and progress of the electrification of rural areas in the several States and Territories; and to publish and disseminate information with respect thereto." It provides further that loans for the furnishing of electric energy shall be self-liquidating within a period not to exceed 25 years; that in making loans preference shall be given to States, Territories, municipalities, people's utility districts and cooperative, non-profit, or limited-dividend associations; that loans may be made for financing the wiring of premises and the acquisition and installation of electrical and plumbing appliances and equipment; and that loans shall be on such terms and conditions relating to the expenditure of the moneys loaned and the securities therefor as the Administrator shall determine and may be made payable wholly or in part out of income. In recognition of the need for an orderly, continuous, long-range development, the Act provided for a 10-year program and authorized for the purpose the provision of funds eventually totaling $410,000,000 and constituted as follows: $50,000,000 for fiscal 1937, and $40,000,000 for each of the succeeding 9 years, the appropriation for each of these years being

subject to a specific act of the Congress. In fiscal 1939 an additional $100,000,000, and in fiscal 1941 an additional $60,000,000, were made available from funds of the Reconstruction Finance Corporation.

At the time of the establishment of the rural-electrification program electric service was available to only 1 out of every 10 farms in the country. Today electric power is available to 1 out of every 4 farms. While these figures indicate the rapid strides taken in the past 5 years to make electricity available to farmers, they also reveal the number of farms still denied the benefits of electric power. The Federal rural-electrification program has played an important part in achieving this progress of the past 5 years through allotments as of December 1, 1940 of $340,778,114 to some 781 borrowers with which to make electric power eventually available to 1,086,547 rural consumers of which more than 640,289 are already receiving service. As rapidly as line now under construction are energized this number will continue to increase. In addition to these loans, the Federal program has provided a real stimulus to private utility companies to build rural lines, which has resulted in increasing the number of farms receiving electric service from their extensions.

Progress of the Rural Electrification Program. The cumulative figures presented in the following tables show the rapid progress and the accomplishments to date of the rural-electrification program.

Progress of Rural Electrification Program

	Total Allotments - Net*	Miles to be Constructed (Loan Contract Estimate)	Consumers to be Served (Loan Contract Estimate)
June 30, 1936	$14,017,628	$13,072	48,997
June 30, 1937	59,110,210	54,407	193,527
June 30, 1938	88,365,063	80,951	282,802
June 30, 1939	227,800,064	209,818	724,999
June 30, 1940	269,523,144	251,642	854,828
November 30, 1940 ...	340,778,114	326,961	1,086,547

* Include lines, generating plants and installation allotments

	Advances of Funds	Miles Energized (Approximate)	Consumers Connected
June 30, 1936	$823,262	400	693
June 30, 1937	11,864,836	8,000	19,611
June 30, 1938	60,040,810	40,000	104,528
June 30, 1939	122,337,824	115,000	268,242
June 30, 1940	221,287,287	233,166	567,998
November 30, 1940 ...	247,201,152	(10/31)256,715	(10/31) 640,289

Circumstances Affecting Work Load. When the rural electrification program was inaugurated in 1935 it was assumed that the greater part of the funds would be lent to existing private companies because they were going concerns, and that a minor part would be lent to cooperative and other nonprofit associations. The development of the program, however, has been radically different from this initial assumption. Instead of private companies constituting the major group of borrowers, approximately 93 percent of the loans have been made to cooperative and other non-profit borrowing organizations, set up by farmers in communities under their respective State laws. It should be noted that circumstances guided the lending of public funds to the nonprofit type of enterprise so strongly emphasized and favored in the act. Until they organized these cooperative enterprises to borrow Federal funds, many farmers were helpless to secure electric power.

To achieve the objectives of the Congress to make electric power available to as many farmers as possible at lowest rates through self-liquidating loans, means of course that Rural Electrification Administration must perform those activities necessary to safeguard the Government loans and assure the farmers of dependable, adequate electric service. The trend in the development of the cooperative as the principal type of borrower has exerted and still is exerting a dominant influence on the responsibilities and activities of Rural Electrification Administration, particularly in regard to the increasing volume of operations' assistance and auditing. This is apparent when it is considered that the cooperatives are newly formed, nonprofit associations of farmers who generally have had no experience in the organization and conduct of large-scale industrial business enterprises, and who have had no experience particularly with the technology and business of electric utilities. As a consequence, it is essential that Rural Electrification Administration give expert aid to the cooperatives in order that they may constitute sound borrowing organizations, established properly in accordance with all applicable laws, and that their electric systems be designed and constructed to conform to all engineering and legal requirements in order to assure a sound base for low cost and efficient service to the farmers. After the lines are built and energized, Rural Electrification Administration must maintain a close working relationship with these borrowers to guide them in establishing an efficient management, including adequate maintenance and economical operation, in order that farmers may receive the benefits of dependable electric service and the Government loans will be properly protected. Attention is called to the fact that the interest and principal payments to the Government must come from the revenues received by the borrowers from their sales of power to the farm members.

Work of the Organization. The work of the organization consists therefore of lending activities, helping borrowers to obtain proper electric systems, and protecting the Government loans through management and load-building assistance and through audits and other checks -- all of which is essential to making electric power available to farmers on as economical a basis as possible with due consideration for the security of the Government loans.

SUPPLEMENTAL FUNDS

Direct Allotments

PROJECTS	Obligated, 1940	Estimated obligations, 1941	Estimated obligations, 1942
Emergency Relief (Transfer from WPA):			
For preparation of project maps	$190,903	- -	- -
For administrative expenses in connection with preparation of project maps	8,324	- -	- -
Total, supplementary funds .	199,227	- -	- -

BELTSVILLE RESEARCH CENTER

Appropriation Act, 1941	$86,620
Budget Estimate, 1942	86,620

PROJECT STATEMENT

Project	1940	1941 (Estimated)	1942 (Estimated)
Beltsville Research Center	$84,797	$ 86,620	$ 86,620
Unobligated balance	203	- - - -	- - - -
Total	85,000	86,620	86,620

CHANGE IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed with brackets):

> For general administrative purposes, including maintenance, operation, construction of necessary buildings at a cost of not to exceed $7,500 for any one building, repairs, and other expenses, $86,620; [and, in addition thereto, this] which appropriation may be augmented, by transfer of funds or by reimbursement, from applicable appropriations, to cover the [cost] charges, including handling and other relates [charges, of] services, for equipment rentals (including depreciation, maintenance, and repairs); for services, [and] supplies, equipment, and materials furnished, stores of which may be maintained at the Center [,]; and [to cover the cost of] for building construction, alteration, and repair performed by the Center in carrying out the purposes of such applicable appropriations and the applicable appropriations may also be charged their proportionate share of the necessary general expenses of the Center not covered by this appropriation.

The addition of the words "construction of necessary buildings at a cost of not to exceed $7,500 for any one building" is requested in order to enable the Center management organization to construct small buildings, such as storage sheds, barns, garages, or other small structures, which are needed from time to time to safeguard the property of the Department. Provision must be made for the storage and safekeeping of automotive and farm equipment, tools, materials, and supplies. At present the language authorizes the construction of buildings of various types on a reimbursable basis, where the fund from which the reimbursement is made is authorized to be used for construction purposes, but it is not possible to construct a building of any kind when the cost of construction would not be properly chargeable as a reimbursable operation.

It is recommended that the words "for equipment rentals (including depreciation, maintenance, and repairs)" be included in this language. The farm and automotive equipment in the custody of the Center Management is used almost exclusively for the direct benefit of the several bureaus. Under the existing arrangement the equipment is rented to the operating bureaus on the basis of the cost of maintenance and operation, but exclusive of any provision for replacement. The funds available to the Center management have not been adequate to provide for the orderly replacement of the equipment and as a result much of it has been retained in use far beyond the normal useful period. For example all but three of the tractors are more than twelve years old and nearly half of the trucks more than five years old. This despite the fact that the maintenance cost on these pieces of equipment has become excessive. If the authorization requested is granted it will be possible to include in the rental charges a small percentage of the value of the equipment and the accumulation of these amounts will provide resources for the replacement of the equipment in an orderly way and with due regard to economical operation. It is recognized that the proposed change will be immediately effective only to a very limited extent because it will not be possible to collect any fraction of the cost of equipment which has already been in service in excess of the normal useful-life period, but the proposal will avoid the creation of further deficiencies and over a period of perhaps ten or twelve years will permit the establishment of a regular program of replacement based on carefully maintained records of maintenance costs. The distribution of the replacement cost will not prove a hardship to the using agencies as the payments will be in exact relationship to the service rendered.

The other changes in this item are of minor importance and are suggested simply to clarify the language, but have no effect on the authority granted herein.

WORK UNDER THIS APPROPRIATION

Objective: Comprehensive and orderly development of the Beltsville Research Center and the effective performance of necessary operating services incident thereto.

The Problem and its Significance: The funds provided under the appropriation are used to finance the cost of over-all management and the furnishing of general services necessary to the conduct of the scientific, experimental and research work performed at the Center by fourteen units of nine bureaus of this Department and several units of other governmental agencies. The operating policy contemplates that the units served will pay the cost of all services rendered direct to those operating agencies, such as electricity and water consumed, maintenance of structures, repair of bureau owned equipment, the production of experimental or other crops, etc. However, there are numerous services which must be supplied, the costs of which are wholly or partially inapplicable to the appropriations of the several operating bureaus. These include the construction and maintenance of

roads, the purchase and maintenance of equipment for fire protection, the operation of the sewage disposal plant, provision for emergency first-aid service, the purchase of farm and automotive equipment, the operation of mail and messenger service, the development of water supplies and the construction and maintenance of general electrical distribution lines, the furnishing of central telephone and guard service, etc. These costs are paid from the Center appropriation.

Plan of Work: In order to insure the most effective rendition, within the limitations of the resources available, of the various service functions required to be furnished by the Center management organization, the work is divided as follows:

(a) General Operations - This unit is responsible for the maintenance of buildings, grounds, roads, fixed equipment and other physical improvements; the furnishing of fire protection, including inspection of buildings for the elimination of fire hazards; supervision of guard, patrol and cleaning services; operation of heating and refrigeration systems, including a central fuel yard, repair of automotive, farm and other mechanical equipment; painting, carpentry, plumbing, sheet metal work, and related trades; provision of utilities such as light, power, water, and gas, and other general services including sewage, garbage and refuse disposal, drayage, etc.; and supervision of construction of buildings and small experimental structures. This unit is also responsible for the supervision of work performed by three Civilian Conservation Corps camps located on the reservation.

(b) Farm Operations - This unit is responsible for furnishing labor, equipment and materials necessary for the performance of general farm operations, such as the plowing, seeding, cultivating, and harvesting of feed crops which are used in experiments conducted by the several bureaus. It also operates a granary to supply and process feed for experimental animals.

(c) Administrative Services - This unit is responsible for the performance of administrative functions, including fiscal and cost accounting services, personnel and pay roll work, the maintenance of an emergency first-aid room, the performance of central procurement activities such as preparation of specifications and the handling of bids and contract awards, the storage and issuance of supplies, materials and equipment, property accountability records, the furnishing of telephone and telegraph service, mail and messenger service between the Center and departments in Washington and also between the bureaus located within the reservation itself, and the maintenance of files and records.

SUPPLEMENTAL FUNDS

(For construction, improvement, or repair of laboratory and experimental buildings, warehouse and storage facilities, heating plants, barns, sheds, water and electrical distribution systems, etc., for the use of various bureaus and units located at the Beltsville Research Center; surverying, grading, drainage, erosion control, and incidental and appurtenant work; and administrative expenses incident thereto.)

Projects	Obligated, 1940	Estimated obligations, 1941	Estimated obligations, 1942
Public Works Administration, Act of 1938	1,406,490	408,991	- -
Emergency Relief (Transfer from WPA):			
For Administrative expenses in connection with WPA Projects	5,596	3,680	- -
For public buildings, utilities, etc.	395,770	75,323	- -
For non-structural improvements	88,921	4,285	- -
For Federal construction projects	21,790	115,510	- -
Public Works Administration	20,689	4,311	
Total, supplementary funds	1,939,256	612,100	- -

INTERCHANGE OF APPROPRIATIONS

This paragraph contains authority to permit transfers, within the limitations indicated by the language thereof, between the appropriations within any bureau, division, or office. It has been carried in the bill for 30 years and constitutes an absolutely essential administrative management device, especially when emergencies arise during periods when Congress is not in session. Prior to the fiscal year 1939 the limitation for such interchange was fixed at 10 percent. In that fiscal year, this limitation was reduced to 5 percent.

The following statement shows transfers made under this authority in the fiscal year 1940:

Bureau of Animal Industry

Amount transferred	From	To
$ 8,000(a)	Inspection and quarantine	Diseases of animals
13,750(a)	Eradicating cattle ticks	Diseases of animals
1,250(a)	Meat inspection	Diseases of animals
10,000(b)	Eradicating cattle ticks	Animal husbandry
10,000(b)	Meat inspection	Animal husbandry
Total ... 43,000		

(a) The transfer of $23,000 from the three sub-appropriations indicated to the sub-appropriation for Diseases of Animals was necessary in order to provide as soon as possible laboratory facilities urgently needed for manufacturing a vaccine to be used in the inoculation of calves in the Federal-State cooperative program for the control of Bang's disease and the testing of similar vaccines manufactured commercially. This work could not be undertaken until the laboratory was constructed and equipment installed. There were not sufficient funds available under the sub-appropriation "Diseases of animals" to complete the work at that time, and available balances under the three indicated sub-appropriations were used.

(b) The transfer of $20,000 from the sub-appropriations indicated above to the animal husbandry sub-appropriation was necessary to provide fencing and two barns for the swine work at Beltsville. The gradual development over a period of years of the swine work at Beltsville resulted in the distribution of the facilities employed for this purpose over a considerable area with a consequent increase in the operating costs. The largest tract in use was not adequate for the purpose and because of the development of other activities immediately adjacent it could not be enlarged sufficiently to serve all needs. In addition this area represented the most desirable site for general purpose laboratory buildings. In order to permit the consolidation of the swine work in a single area and also to provide a site for the laboratory buildings which were authorized under the 1938 Public Works program, an area was selected and plans made for its development on a scale in harmony with the needs. These changes were accomplished with emergency funds, but last spring it became necessary to erect two additional barns and to add some additional fencing. These additions were urgently necessary because of the large increase in the number of animals and this increase in turn was made possible by the greater carrying capacity of the new swine area.

WORK FOR OTHER DEPARTMENTS

Under this item and section 601 of the Economy Act of June 30, 1932 (13 U.S.C. 686), the Department of Agriculture renders services, such as inspections, analyses, and tests of food and other products, to other Government agencies upon request, with transfer of appropriations or reimbursement to the Department of Agriculture in such amounts as may be necessary for the performance of the work. Services of the character indicated are rendered to the Army, Navy, Marine Corps, Veterans' Administration, and other Government agencies. In this way the most advantageous use is made, for the benefit of the Government as a whole, of the various services which the Department of Agriculture is in position to render.

PASSENGER-CARRYING VEHICLES

This paragraph covers the maintenance, operation, and repair of passenger-carrying vehicles. Specific limitations on expenditures for purchase of such motor vehicles appear in the text pertaining to the several bureaus concerned, and are explained in connection with each separate organization. The funds are also provided under the various subject-matter appropriations involved. No funds are provided under this paragraph.

FLOOD CONTROL

(Carried in War Dept. Civil Appropriation Act,
for transfer to Department of Agriculture)

Funds covering Preliminary Examinations and Surveys, and the prosecution of works of improvement and measures for run-off and waterflow retardation and soil-erosion prevention on watersheds of streams for which works of improvement for the benefit of navigation and the control of destructive flood waters are authorized by law, are being supplied to the Department of Agriculture by transfer of funds provided under the War Department Civil Appropriation Act, as follows:

Allotment, 1941, ...	$ 2,000,000
Budget Estimate, 1942, ...	998,342
Decrease, ...	1,001,658

PROJECT STATEMENT

Projects	1940	1941 (estimated)	1942 (estimated)	Increase or Decrease
1. Obligations for Preliminary Examinations and Surveys	$2,472,129	$3,435,820	$ 1,598,342	$
1939 funds available in 1940	-1,507,949			
1940 funds available in 1941	+2,035,820	-2,035,820		
1941 funds available in 1942		+ 600,000	- 600,000	
Total Project 1,	3,000,000	2,000,000	998,342	-1,001,658(1)
2. Obligations for Works of Improvement	10,727	1,711,601	2,259,399	
1939 funds available in 1940	-3,981,727			
1940 funds available in 1941	+3,971,000	-3,971,000		
1941 funds available in 1942		+2,259,399	-2,259,399	
Total Project 2,	- -	- -	- -	- -
Total Projects 1 & 2	3,000,000	2,000,000	998,342	-1,001,658(1)

INCREASES OR DECREASES

The decrease of $1,001,658 in this item for 1942 consists of:
(1) A net decrease of $1,001,658 for "Preliminary Examinations and Surveys",

because of the completion of preliminary examinations and surveys, and reduction in the volume of work to be carried out.

WORK UNDER THIS APPROPRIATION

The Omnibus Flood Control Acts of 1936 and 1938, as amended, charge the Departments of Agriculture and War jointly with responsibility for developing and carrying out a national flood control program. The Department of Agriculture is directly responsible for making preliminary examinations and detailed surveys of the watersheds of approximately 524 streams, with a total estimated area of 3,472,868 square miles, and for carrying out "measures for run-off and waterflow retardation and soil erosion prevention on watersheds" in correlation with the War Department program.

The Department of Agriculture in carrying out its flood control program utilizes the facilities of appropriate bureaus, particularly the Soil Conservation Service, the Forest Service, and the Bureau of Agricultural Economics, in performing the necessary work, which is carried out largely in the field. The funds transferred to the Department of Agriculture for improvement works are used for work in coordination with the War Department program on watersheds where flood control projects are authorized by law. In all this work, close cooperation is maintained between the field staff of the Department and the regional officials of the Corps of Engineers, United States Army. In Washington, the work of the cooperating bureaus of the Department of Agriculture is coordinated within that Department and correlated through the Office of the Secretary with the program of the Corps of Engineers, United States Army.

Improvement works will be initiated in the very near future on five critical watersheds. Available funds for the purpose will be used to carry out the program on selected segments of these five watersheds.

The flood control program of the Department of Agriculture is reviewed by the War Department Subcommittee on Appropriations, in conjunction with the related program of the Army Engineers. It is also reviewed by the House Flood Control Committee, the Senate Commerce Committee, and the Senate Appropriations Committee.

FOREIGN SERVICE PAY ADJUSTMENT, APPRECIATION OF FOREIGN CURRENCIES

Out of special appropriations made to the State Department, obligations were incurred under allotments made to the Department of Agriculture for carrying into effect the provisions of the Act of March 26, 1934, authorizing annual appropriations to meet losses sustained by officers and employees of the United States in foreign countries due to the appreciation of foreign currencies in relation to the American dollar, as follows:

1940	$2,250
1941 (estimated)	3,000
1942 (estimated)	2,000

MISCELLANEOUS CONTRIBUTED FUNDS, DEPARTMENT OF AGRICULTURE

This account covers miscellaneous contributed funds received by the Department of Agriculture from States, local organizations, individuals, etc., deposited in the Treasury of the United States, and made available for carrying out various cooperative agreements. The amounts obligated thereunder during the fiscal year 1940 and estimated for 1941 and 1942 are:

1940	$63,163
1941 (estimated)	63,000
1942 (estimated)	89,000

MISCELLANEOUS TRUST ACCOUNTS, DEPARTMENT OF AGRICULTURE

These accounts have been established in order to (1) refund moneys received from individuals, etc. and covered into the Treasury of the United States by the Department of Agriculture in excess of the amounts actually earned or due; (2) indemnify the United States, its disbursing officers, county associations or committees, and farmers for losses of funds or property in connection with the operation of the farm programs of the Department administered through local associations or committees; and (3) redistribute proceeds of Cotton Price Adjustment checks when for any reason checks may not be delivered to payees as drawn.

There are listed below the several trust accounts involved and the amounts appropriated and obligated during the fiscal year 1940:

Excess deductions from Agricultural Adjustment Program Payments, Farm Security Administration	$10,575
Return of Excess Deposits for Reproductions of Photographs, Mosaics and Maps	1,788
Unclaimed Moneys of Individuals Whose Whereabouts are Known	4,372
Indemnity Fund, County Associations	14,695
Undistributed Cotton Price Adjustment Payments, Agricultural Adjustment Administration	10,295
Total	41,725

BOUND BY
HNM